



STATE DOCUMENTS COLLECTION

NOV 0 1993

MONTANA STATE LIBRARY  
1515 E. 6th AVE.  
HELENA, MONTANA 59620

# Governor's Executive Budget

**Fiscal Years 1994-1995  
Special Session I**

**Governor Marc Racicot  
November, 1993**

PLEASE RETURN

1/15/93  
12/15/93



# OFFICE OF THE GOVERNOR

STATE OF MONTANA

MARC RACICOT  
GOVERNOR



STATE CAPITOL  
HELENA, MONTANA 59620-0801

November 3, 1993

MEMBERS OF THE FIFTY-THIRD LEGISLATURE, MEETING IN SPECIAL SESSION:

In accordance with Article VI, Section 9, of the Constitution of Montana, I hereby transmit to you my proposal to bring the 1994-95 biennial budget into balance by the end of the current biennium.

You can expect full cooperation from this office and the executive branch agencies during your deliberations.

Sincerely,

A handwritten signature in black ink that reads "Marc Racicot".

MARC RACICOT  
Governor



# Contents

Governor's Letter of Transmittal

Contents

## SUMMARY

|  |      |
|--|------|
| Office Of Budget and Program Planning Staff                      | S-1  |
| Overview of Executive Budget Recommendations                     | S-2  |
| Text of the Call   | S-5  |
| General Fund Balance   | S-7  |
| Itemization of Special Session Proposals                         | S-9  |
| Summary of Special Session Recommendations                       | S-9  |
| School Equalization Account                                      | S-18 |
| School Equalization Account Recommendations                      | S-19 |
| Policy Initiatives with No Fiscal Impact                         | S-21 |
| HJR 3 With Legislation Adjustments and Special Session Revisions | S-23 |
| Explanation of Changes in Revenue Estimates                      | S-23 |
| Legislation Required   | S-26 |

## GENERAL GOVERNMENT & TRANSPORTATION

|                                |      |
|--------------------------------|------|
| Legislative Auditor            | A-4  |
| Judiciary                      | A-5  |
| Governor's Office              | A-6  |
| Secretary of State's Office    | A-6  |
| State Auditor's Office         | A-7  |
| Board of Crime Control         | A-10 |
| Highway Traffic Safety         | A-11 |
| Department of Justice          | A-12 |
| Department of Revenue          | A-13 |
| Department of Administration   | A-16 |
| Department of Military Affairs | A-25 |

## HUMAN SERVICES

|  |     |
|--|-----|
| Department of Health & Environmental Sciences  | B-2 |
| Department of Labor & Industry                 | B-3 |
| Department of Social & Rehabilitation Services | B-4 |
| Department of Family Services                  | B-8 |

## NATURAL RESOURCES AND COMMERCE

|  |      |
|--|------|
| Department of Fish, Wildlife & Parks           | C-3  |
| Department of State Lands                      | C-3  |
| Department of Livestock                        | C-5  |
| Department of Natural Resources & Conservation | C-6  |
| Department of Agriculture                      | C-10 |
| Department of Commerce                         | C-11 |

## INSTITUTIONS AND CULTURAL EDUCATION

|  |     |
|--|-----|
| Montana Arts Council                       | D-2 |
| Montana State Library                      | D-3 |
| Montana Historical Society                 | D-4 |
| Department of Corrections & Human Services | D-6 |

## EDUCATION

|                                  |     |
|----------------------------------|-----|
| Office of Public Instruction     | E-2 |
| Commissioner of Higher Education | E-4 |
| School for the Deaf and Blind    | E-7 |

## LONG-RANGE PLANNING

|                          |     |
|--------------------------|-----|
| Long-Range Building Plan | F-2 |
|--------------------------|-----|

Index

Digitized by the Internet Archive  
in 2010 with funding from  
Montana State Library

<http://www.archive.org/details/governorsexecuti199419951mont>

# SUMMARY







## Office Of Budget and Program Planning Staff

Dave Lewis, Budget Director  
Curt Nichols, Deputy Budget Director

### Section A - General Government and Transportation

|              |                                  |                                    |
|--------------|----------------------------------|------------------------------------|
| John Patrick | 1101 Legislative Auditor         | 1102 Legislative Fiscal Analyst    |
|              | 1104 Legislative Council         | 1111 Environmental Quality Council |
|              | 1112 Consumer Counsel            | 2110 Judiciary                     |
|              | 2112 Chiropractic Legal Panel    | 3101 Governor's Office             |
|              | 3201 Secretary of State          | 3202 Comm of Political Practices   |
|              | 3401 State Auditor               | 4107 Board of Crime Control        |
|              | 4108 Highway Traffic Safety      | 4110 Dept of Justice               |
|              | 6701 Dept of Military Affairs    |                                    |
| Dan Gengler  | 5401 Dept of Transportation      | 5801 Dept of Revenue               |
|              | 6101 Dept of Administration      | 6103 State Comp Ins Fund           |
|              | 6104 Public Employees Retirement | 6105 Teachers Retirement           |

### Section B - Human Services

|                    |                     |                              |
|--------------------|---------------------|------------------------------|
| Connie Huckins     | 5301 Dept of Health | 6901 Dept of SRS             |
| Douglas K. Schmitz | 6602 Dept of Labor  | 6911 Dept of Family Services |

### Section C - Natural Resources and Commerce

|                  |                                |                                     |
|------------------|--------------------------------|-------------------------------------|
| Florine K. Smith | 4201 Public Service Regulation | 5201 Dept of Fish, Wildlife & Parks |
|                  | 5501 Dept of State Lands       | 5603 Dept of Livestock              |
|                  | 5706 Dept of Natural Resources | 6201 Dept of Agriculture            |
|                  | 6501 Dept of Commerce          |                                     |

### Section D - Institutions and Cultural Education

|             |                         |                                  |
|-------------|-------------------------|----------------------------------|
| Mary LaFond | 5114 Arts Council       | 5115 State Library               |
|             | 5117 Historical Society | 6401 Dept Correctns & Human Serv |

### Section E - Education

|                |                                  |                                    |
|----------------|----------------------------------|------------------------------------|
| Curtis Nichols | 3501 OPI                         | 5113 School for the Deaf and Blind |
|                | 5101 Board of Public Ed          | 5116 Advisory Council for Vo-Ed    |
|                | 5109-12 Exper & Research Centers | 5119 Fire Services                 |
| Amy Carlson    | 3511-15 Five Vo-Tech Centers     | 5103-08 Six Units                  |
|                | 5102 Comm of Higher Education    |                                    |

Jane L. Hamman, Assistant Budget Director-Budget & Program Division; Sect. F-Long-Range Planning  
Steve Bender, Assistant Budget Director-Operations Division  
Steve Colberg, Systems Analyst  
Mike Walsh, Administrative Officer IV  
Helen Kittel, Administrative Officer III  
Mariann Huso, Executive Budget Assistant  
Shirley Benson, Administrative Assistant



## Overview of Executive Budget Recommendations

When the Legislature adjourned in April of 1993, there was a sense of accomplishment among legislators because several severe and long-standing problems had been addressed. The ongoing deficit in the general fund had been addressed by holding spending from the general and school funds to approximately the level of the previous biennium. An income tax increase had been adopted which covered the remaining portion of the deficit. The participants in the session from both the executive and legislative branches recognized that neither the tax increase nor the lack of increased spending were exactly what anyone wanted. Both sides of the aisle voted for elements of the final package that they did not like and the Governor signed those bills into law even though he clearly would have preferred the much more extensive tax reform package which the legislature submitted to the voters.

The feeling of satisfaction, which lingered but briefly after the legislative session, began to fade dramatically as the campaign for the tax reform package unfolded. It became apparent that the perception in Helena that a significant amount of progress had been made was not universally shared by the electorate. Much of the tax reform campaign was focused on the portion of the sales tax revenue which would be used to replace the income tax increase approved during the session in the form of HB671. Many critics of the current level of government spending appeared to question not only the concept of the sales tax, but also the final uses of the revenues to be raised. Other critics suggested there was a better way to deal with our tax and spending dilemmas. The final result was that the tax reform was defeated by a substantial margin.

In analyzing the vote and campaign, many observers saw a very strong message about the level of government spending. This somewhat controversial conclusion gained more credibility as the campaign to gather signatures to suspend the income tax took form. In the beginning many political observers felt the petition drive had little or no chance to gain the necessary 15 percent of voter signatures in at least 51 legislative districts.

Early in the summer the Governor directed the Office of Budget and Program Planning (OBPP) to prepare a plan to balance the budget in case the petition drive was successful. He also asked for interested members of the public to contact the budget office and express their ideas about how to reduce state spending. The public response--hundreds of suggestions--was amazing and confirmed that people were indeed concerned about government spending and had good ideas to offer as well.

OBPP contacted the agencies and asked them to submit their ideas on which areas should be reduced if necessary. The agencies were very helpful and suggested areas of inquiry. OBPP staff reviewed all of the ideas from the general public and added suggestions they felt were appropriate. A preliminary list of ways to balance the budget was prepared. The list was released to the press, the legislature and all public libraries in the state as part of the administration's commitment to openness. The legislative appropriation subcommittees met and reviewed the preliminary budget, and offered suggestions and comments. This process went on through the summer. On September 8 the Governor released to the public and the Legislative Finance Committee his draft of the proposal to balance the budget if the petition drive was successful. This unprecedented and very public process proved to be warranted when at least 90 legislative districts were certified to have the signatures necessary to suspend the income tax.

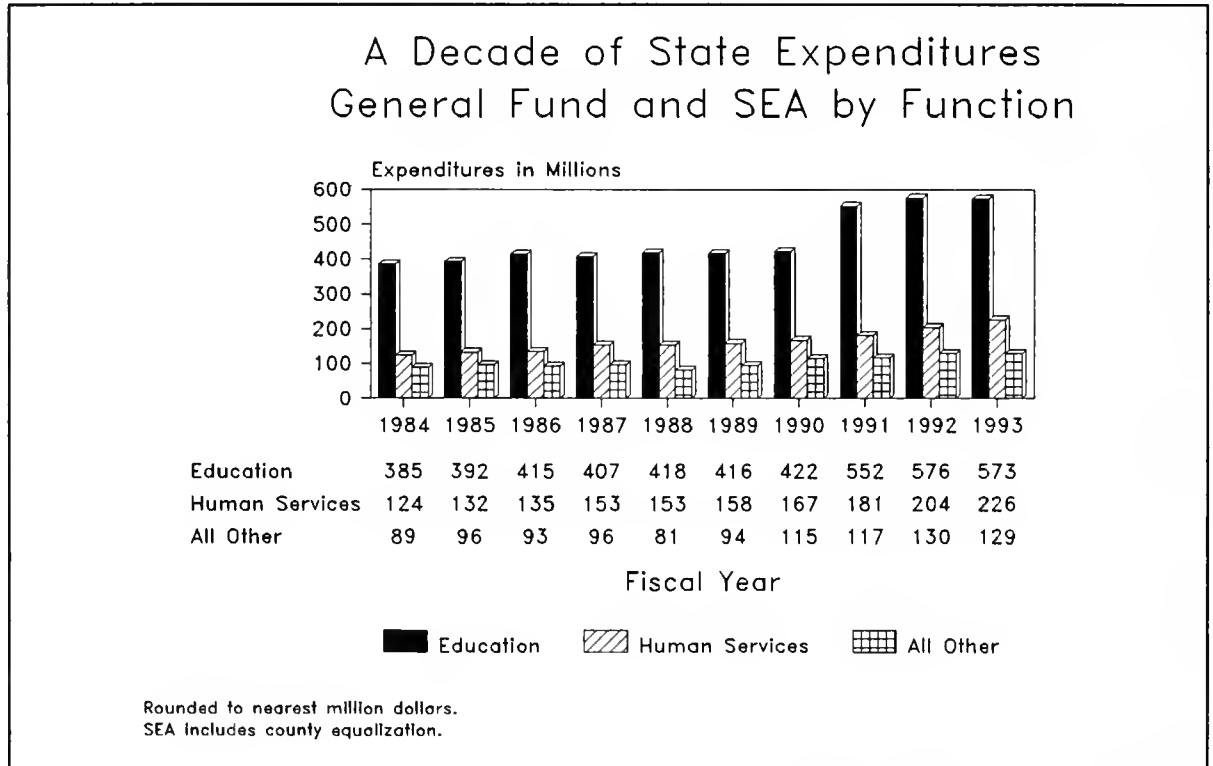
At that point the Governor issued the call for a special legislative session and ordered that this final plan be prepared for delivery to that session.

No one enjoys reducing spending in either their personal life or in government. However, we believe that we have a duty to question every dollar spent at every level of state government and that questioning must continue in years to come. We do not enjoy the luxury of conducting all our affairs as we have in the past with increases in spending every year. We are all living in an era of limits and those limits to our resources will force us to test our assumptions about the role of government, and the methods by which it delivers our services. This can be a challenging and even productive time in which we discover that there are different and better ways to operate.

We are engaged in a continuing review of government and intend to make further proposals for changes to the next regular legislative session. Those reorganization proposals are being prepared

and will be submitted for rigorous public review before the next session. We want to continue to work with the education community to study restructuring at every level. Major changes are being developed in welfare policy and in the health care services areas. We ask for your assistance in working with us in the very public process which we will undertake to develop these plans. Only by proceeding together will we be successful in making the changes that the public wants and deserves.

There has been concern expressed that the proposed reductions impact human services and education particularly hard. However, nearly 90 percent of the discretionary budget reviewed by the legislature is allocated to these two areas, so any reductions must of necessity affect these areas.



The figure above provides a graphical history of a decade of general fund and school equalization account (SEA) expenditures classified by broad service category. As shown in the graph and accompanying data table, education expenditures have increased more in total expenditures than any other category during the decade. In FY84, approximately \$385 million was spent by the state on education. By FY93, this amount increased 48.8 percent to approximately \$573 million. In FY93, education expenditures accounted for 62 percent of all general fund and school equalization account expenditures. State expenditures for K-12 education increased over \$100 million in FY91 due to financing reforms designed to provide greater equalization of education funding among the various school districts of the state.

Following education, the second largest in total general fund/SEA expenditures and the fastest growing expenditure areas of government are for human service programs (defined as expenditures by the Departments of Social and Rehabilitative Services (SRS), Family Services (DFS), and Corrections and Human Services (DCHS)). General fund human services expenditures increased from \$124 million in FY84 to \$226 million in FY93, or by 82.3 percent. This area totals 24 percent of general fund/SEA expenditures in FY93.

General fund expenditures of SRS and DFS account for almost \$80 million of the \$102 million increase in human services expenditures. Over the period, their general fund requirements have

increased by almost 120 percent, making this component one of the fastest growing of state government and, hence, a major concern for future biennium funding deliberations.

The least growth, in absolute and percentage terms, among the classifications was recorded by the "all other" category. This category includes all state general fund expenditures except those noted above and includes statutory appropriations.

"All other" expenditures have increased from \$89 million in FY84 to \$129 million in FY93, or by 45 percent. Even this low growth rate overstates agency expenditures because it includes the effects of recent laws that increased "pass through" funds. In fiscal years 1991 forward, two new statutory appropriations -- those for personal property reimbursements to local governments and state retiree supplements -- totalled approximately \$25 million. Once these two expenditures are excluded, the growth in the category is reduced to approximately \$15 million over the decade. Clearly the fiscal pressure the state has experienced since the early 1980s has constrained growth in these numerous natural resource, debt service, environmental, administrative, legislative, judicial and general government functions.

## Text of the Call

### STATE OF MONTANA PROCLAMATION CALL TO THE 53rd LEGISLATURE FOR A SPECIAL SESSION

WHEREAS, Article V, section 6, of the Montana Constitution provides that the Legislature may be convened in special session by the Governor; and

WHEREAS, Article VI, section 11, of the Montana Constitution also provides that whenever the Governor considers it in the public interest, the Legislature may be convened; and

WHEREAS, section 5-3-101, MCA, specifically provides that the Legislature may be convened in special session by the Governor; and

WHEREAS, Article VIII, section 9, of the Montana Constitution provides that appropriations by the Legislature shall not exceed anticipated revenue; and

WHEREAS, Article VI, section 9, of the Montana Constitution provides that it is the responsibility of the Governor to recommend measures necessary to balance the budget; and

WHEREAS, a referendum undertaken pursuant to Article III, section 5 of the Montana Constitution has resulted in both the suspension of House Bill 671 and in its placement on the ballot for approval or rejection by the qualified electors on November 8, 1994; and

WHEREAS, the suspension of House Bill 671 has made its provisions inoperative, thereby making it virtually impossible to balance the state's budget without legislative action; and

WHEREAS, it is necessary to review Montana's property tax laws in order to address sudden and significant increases in property valuation; and

WHEREAS, due to the recent United States Supreme Court decision in Harper v. Virginia, it must be determined whether refunds should be made to federal retirees whose pensions were taxed by the state; and

WHEREAS, maintenance and repairs to state buildings are urgently needed in order to address health and safety concerns; and

WHEREAS, these proposals require legislative action; and

WHEREAS, a special session of the Legislature to consider these matters is in the public interest of all Montanans.

NOW, THEREFORE I, Marc Racicot, Governor of the State of Montana, pursuant to the authority vested in me by the Constitution and laws of the State of Montana do hereby call the Fifty-Third Legislature into Special Session in Helena, at the State Capitol, at the hour of 9:00 A.M., the 29th day of November, 1993, and hereby direct the Special Session of the Fifty-Third Legislature to consider action on the following:

1. Legislation to balance the state's budget and address appropriate personnel and operational issues;
2. Legislation to address the property-tax system applicable to home and land owners whose property values have suddenly increased in value because of reappraisal;
3. Legislation to authorize refunds to federal retirees whose pensions were taxed by the state;
4. Legislation to address the deferred maintenance needs of state-owned facilities;
5. Legislation to encourage horizontal drilling and secondary and tertiary recovery of oil in the State of Montana;

6. Confirmation of gubernatorial appointees;
7. Appropriations to state and local government and programs, allocation of revenue, accounting procedures and budget modifications for state and local government agencies; and
8. Legislation for the purpose of implementing the matters listed in items 1-7 above, including amendments, repealers, new sections to existing statutes, or new acts.

Dated this \_\_\_\_ day of October, 1993.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Montana to be affixed. DONE at the City of Helena, the Capitol, this \_\_\_\_ day of October, in the year of our Lord, one thousand nine hundred and ninety three.

/s/  
MARC RACICOT, Governor

Office of Budget and Program Planning  
**General Fund Balance Summary**  
HJR3 Revenue Estimates with Legislation and Proposed Adjustments  
(In Millions)

**Regular Session**

|                                   | <u>Actual<br/>FY 92</u> | <u>Actual<br/>FY 93</u> | <u>Projected<br/>FY 94</u> | <u>Projected<br/>FY 95</u> |
|-----------------------------------|-------------------------|-------------------------|----------------------------|----------------------------|
| Beginning Fund Balance            | 58.700                  | 24.486                  | 46.377                     | 19.425                     |
| HJR 3 Receipts & Adjustments 1)   | <u>487.036</u>          | <u>539.955</u>          | <u>468.193</u>             | <u>614.726</u>             |
| Total Available                   | 545.736                 | 564.441                 | 514.570                    | 634.151                    |
| Disbursements                     |                         |                         |                            |                            |
| General Appropriations            |                         |                         | 470.706                    | 468.682                    |
| Pay Plan Appropriations           |                         |                         | 1.619                      | 4.875                      |
| Statutory Appropriations          |                         |                         |                            |                            |
| Property Tax Reimbursement        |                         |                         | 18.336                     | 18.336                     |
| Debt Service                      |                         |                         | 9.314                      | 14.983                     |
| TRANS Interest                    |                         |                         | 1.994                      | 1.388                      |
| Retirement Benefits               |                         |                         | 3.695                      | 3.974                      |
| District Court Reimbursements     |                         |                         | 3.798                      | 3.397                      |
| Banking Services                  |                         |                         | 0.552                      | 0.553                      |
| DUI Testing Equipment             |                         |                         | 0.050                      | 0.050                      |
| Emergency Assistance              |                         |                         | 0.100                      |                            |
| Miscellaneous Appropriations      |                         |                         | 4.979                      | 1.199                      |
| Continuing Appropriations         |                         |                         | 2.279                      |                            |
| School Equalization Appropriation |                         |                         |                            | 124.910                    |
| Feed Bill                         |                         |                         | 0.810                      | 5.100                      |
| School Equalization Reversion     |                         |                         | (18.087)                   | 6.968                      |
| Reversions                        |                         |                         | <u>(5.000)</u>             | <u>(5.000)</u>             |
| Total Disbursements               | <u>523.071</u>          | <u>523.402</u>          | <u>495.145</u>             | <u>649.415</u>             |
| Adjustments                       | (2.059)                 | (0.013)                 |                            |                            |
| Residual Equity Transfer          | 3.880                   | 5.351                   |                            | 0.344                      |
| Ending Fund Balance               | <b>24.486</b>           | <b>46.377</b>           | <b>19.425</b>              | <b>(14.920)</b>            |
| Estimated Ending Cash Balance     |                         | <b>31.248</b>           | <b>(8.075)</b>             | <b>(42.420)</b>            |

1) Includes impact of HB671 suspension & proposed revenue revisions.

The preceding general fund balance table shows the projected general fund balance without any corrective action. It includes the effects of the suspension of HB 671, the refund of \$6 million in 1988 taxes to federal retirees and an upward revision of general fund and school equalization account revenues of \$6 million. The appropriations in the table represent the authority approved by the 1993 regular session with the addition of a special session feed bill.

As shown in the balance statement, the general fund would not be balanced without corrective action. The general fund would experience a deficit of about \$15 million, unless corrected. A general fund cash deficit of \$42 million would be expected using the spread between cash and fund balances adopted during regular session.

Clearly action is necessary to restore balance to the general fund and to leave an adequate ending fund balance.



The following table illustrates the effect of our special session recommendations on the general fund deficit. When net general fund expenditure reductions and revenue measures of \$39.3 million are added (\$54.1 million in expenditure/revenue items offset by a \$14.8 million federal retiree appropriation), the general fund would end the biennium with a fund balance of approximately \$24 million. The projected cash deficit would be reduced from \$42.4 million to \$3.5 million. This minimal cash deficit will be easily manageable given the availability of other available resources that can be drawn on for cash management purposes.

By way of reference, our proposals will leave the state in better fiscal order than would have resulted from actions approved during the regular session. The legislature adopted measures creating a fund balance of \$24.6 million and a cash deficit of \$17 million (LFA Appropriation Report). Our proposals leave the state with the legislatively endorsed fund balance and reduce the cash deficit by about \$13.5 million.

| Adjusted for Special Session Proposals                |                 |                 |                    |                    |
|---|-----------------|-----------------|--------------------|--------------------|
|   | Actual<br>FY 92 | Actual<br>FY 93 | Projected<br>FY 94 | Projected<br>FY 95 |
| Adjusted Ending Fund Balance                          |                 | 46.377          | 19.425             | 18.580             |
| Adjusted Ending Cash Balance                          |                 | 31.248          | (8.075)            | (8.920)            |
| <b><u>Special Session Recommendations</u></b>         |                 |                 |                    |                    |
| Revenue & Fund Balance Transfers(See Following Table) |                 |                 | 1.153              | 6.386              |
| Expenditure Reductions                                |                 |                 | (1.998)            | 33.759             |
| Proposed Ending Fund Balance                          |                 | 46.377          | 18.580             | 24.036             |
| Estimated Ending Cash Balance                         |                 | 31.248          | (8.920)            | (3.464)            |

## Itemization of Special Session Proposals

| <b><u>Revenues &amp; Fund Balance Transfers</u></b>         | <b><u>FY 94</u></b> | <b><u>FY 95</u></b> |
|---|---------------------|---------------------|
| Coal Trust Building Maintenance Account                     | 0.000               | (0.175)             |
| Correct Error in Coal Tax Flow to Trust to Invest Long-Term | 0.578               | 1.168               |
| Timber Revenue to Capitol Land Grant                        | 0.334               | 1.218               |
| Federal Fire Reimbursement to GF                            | 0.006               | 0.000               |
| Liquor Store Conversion                                     | 0.000               | 3.966               |
| State Fund Cost Allocation Plan                             | (0.400)             | (0.400)             |
| Purchasing Service Fee                                      | 0.025               | 0.075               |
| Increase Legislator Filing Fee                              | 0.010               | 0.000               |
| Increase Lobbyist Registration Fee                          | 0.000               | 0.011               |
| Increase Insurance Agent Renewal Fee                        | 0.000               | 0.023               |
| Increase Payee ID Number Data                               | 0.050               | 0.100               |
| 2nd DUI License Reinstatement Fee to GF                     | 0.300               | 0.300               |
| Transfer From Crime Victim Account                          | 0.250               | 0.000               |
| <u>Bad Debt Collection of Property Taxes (SEA)</u>          | <u>0.000</u>        | <u>0.100</u>        |
| <b>Subtotal - Revenues</b>                                  | <b>1.153</b>        | <b>6.386</b>        |
| <b><u>Expenditure Reductions:</u></b>                       |                     |                     |
| Reduce Bonding for MSP                                      | 0.000               | 0.192               |
| Federal Retiree Refund Appropriation                        | (14.788)            | 0.000               |
| <u>Proposed Budget Reductions</u>                           | <u>12.790</u>       | <u>33.567</u>       |
| <b>Subtotal - Expenditures</b>                              | <b>(1.998)</b>      | <b>33.759</b>       |
| <b>Total of Proposals</b>                                   | <b>(0.845)</b>      | <b>40.145</b>       |

## Summary of Special Session Recommendations

Action items recommended for legislative consideration, which increase the balance of the general fund, total \$54.1 million during the 1995 biennium. Long-term program elimination, restructuring or modification, which will reduce general fund expenditures not only in the current biennium, but also in future biennia, constitute 56 percent of the recommendations, as shown in Table 1 below.

**Table 1**  
**Summary of General Fund Reductions by Type of Action**  
(Millions in the 1995 Biennium)

| <u>Type of Action Items</u>     | <u>Amount</u> | <u>Percent</u> |
|---------------------------------|---------------|----------------|
| Long-term savings               | \$30.3        | 56%            |
| Funding switches and transfers  | 8.5           | 16%            |
| Efficiencies and cuts           | 6.2           | 11%            |
| Delays in implementation        | 5.4           | 10%            |
| Revenue increases/reallocations | <u>3.7</u>    | <u>7%</u>      |
| <b>TOTAL</b>                    | <b>\$54.1</b> | <b>100%</b>    |

Restructuring to achieve long-term savings clearly is of the highest priority due to continuing federal and court mandates, health care costs exceeding inflation and revenue growth, and the expectation that pending federal actions will negatively affect economic conditions and general fund expenditures in Montana. Because the long-term savings recommended for legislative consideration are phased in during the 1995 biennium, the savings will increase in future biennia. For example, the

recommended Medicaid program downsizing, which saves \$11.2 million general fund during the 1995 biennium, is projected to save about \$16.6 million general fund during the 1997 biennium. Even after these reductions, an additional \$59 million general fund is projected to be required for Medicaid during the 1997 biennium.

The largest item in funding switches and transfers is \$6.1 million of additional six-mill levy revenue resulting from higher-than-anticipated revenues in FY92 and FY93, and property reappraisal. Approximately \$1.5 million per year of the six mill levy revision represents ongoing increases in revenue projections. The second largest item is \$1.3 million for recovery of general fund costs for statewide services. Just as corporations across the country are revising cost recovery to reflect actual experience, so to must state government begin to reflect its business patterns in appropriations.

Efficiencies and reductions in services constitute 11 percent of the total recommendations. The largest item is \$3.5 million resulting from conversion of state liquor retail operations. The next largest item is \$1.8 million from eliminating the clean coal program and revising the flow in the bond fund which was amended during the 1993 regular session to inadvertently prevent bond fund long-term investments.

Delays in implementation include recommendations which will be reconsidered during the 1995 regular legislative session. The largest item in this category is \$4.6 million general fund savings from delaying inclusion of full-time special education students in the district ANB. Such delay had been contemplated in SB348 which initially proposed the inclusion of full-time special education students in FY96.

Of the \$3.7 million in revenue increases and reallocations, \$3.5 million is for increased non-resident tuition and fees in the Montana University System.

Of the total \$54.1 million recommended, \$1.4 million directly or indirectly affects local government, comprised of the \$600,000 from half of the DUI license reinstatement fee which was to have been distributed for the first time to cities and towns for miscellaneous non-traffic safety-related programs; an estimated \$523,000 for recovery of natural resource and corporate tax collections and audit costs; and \$265,000 for repeal of the school trust lands equalization payments beginning in FY95. The local government impact is 2.6 percent of the total reductions and 1.5 percent if the never-received, new money is excluded. To put these reductions in perspective, the state transferred approximately \$154 million in the 1993 biennium to local governments (excluding SEA and district court reimbursement). These recommended reductions represent 0.9 percent of total local government support.

In addition, public schools are impacted as funding schedules are reduced by 1.5 percent, thereby decreasing state aid approximately 1.3 percent. The combined effect of reducing the funding schedules and delaying counting full-time special education students is an approximate 2.5 percent reduction in previously-appropriated funds for FY95. These actions will leave public school support over \$7 million higher in FY95 than in the current 1994 fiscal year, from which no reductions are proposed.

Looking only at the recommended long-term reductions, efficiencies, service cuts and delays in implementation, Table 2 below depicts the impact of the \$41.93 million of recommended reductions. Funding switches and revenue increases/reallocations are excluded from this table.

**Table 2**  
**Summary of General Fund Reductions by Subcommittee**  
(Millions in the 1995 Biennium)

| <u>Subcommittee</u>     | <u>GF Appropriated*</u> |                | <u>Recommended Items</u> |                | <u>GF Remaining</u> |                |
|-------------------------|-------------------------|----------------|--------------------------|----------------|---------------------|----------------|
|                         | <u>Amount</u>           | <u>Percent</u> | <u>Amount</u>            | <u>Percent</u> | <u>Amount</u>       | <u>Percent</u> |
| A-General Government    | \$ 106.32               | 6.0%           | \$ 6.65                  | 15.9%          | \$ 99.67            | 5.8%           |
| B-Human Services        | 324.22                  | 18.3%          | 11.96                    | 28.5%          | 312.26              | 18.1%          |
| C-Natural Resources     | 29.22                   | 1.7%           | 1.87                     | 4.5%           | 27.35               | 1.6%           |
| D-Institutions & Cul Ed | 160.29                  | 9.0%           | 0.63                     | 1.5%           | 159.66              | 9.2%           |
| E-Education             |                         |                |                          |                |                     |                |
| K-12 1                  | 909.59                  | 51.3%          | 12.89                    | 30.7%          | 896.70              | 51.8%          |
| University System       | 228.42                  | 12.9%          | 2.01                     | 4.8%           | 226.42              | 13.1%          |
| F-Long-Range Building 2 | <u>14.16</u>            | <u>.8%</u>     | <u>5.92</u>              | <u>14.1%</u>   | <u>8.24</u>         | <u>.5%</u>     |
| <b>TOTAL</b>            | <b>\$1772.22</b>        | <b>100.0%</b>  | <b>\$41.93</b>           | <b>100.0%</b>  | <b>\$1730.29</b>    | <b>100.0%</b>  |

\* General Fund Appropriated includes HB2, HB198, HB5, the school equalization account, and statutorily-appropriated general fund for debt service on new capital construction projects.

1 K-12 includes OPI, distribution to public schools, the Board of Public Education, and the School for the Deaf and Blind. The Department of Revenue estimates school districts levied \$51.4 million more in FY94 than in FY93. District levies are not included in the amounts shown in Table 2. The reduction for K-12 education is approximately 1.5 percent of biennial appropriations for schools.

2 The general fund appropriated includes \$2.6 million general fund, cigarette tax for the cash program and projected straight-line debt service payments for new bonded projects.

Table 2 above shows by appropriations subcommittee the general fund currently appropriated for the 1995 biennium, the \$41.93 million in general fund recommended reductions, and the amount that would remain if the executive budget recommendations all were adopted. The administration rejected and continues to resist across-the-board cuts, opting instead for a careful review of citizen input, agency recommendations and analysis of programs and services. Because the subcommittees are organized primarily by service area, it was deemed necessary to determine whether any function of state government was being impacted significantly more than others.

The middle columns above show that K-12 has the largest reduction, both in terms of dollar amount and percentage. However, the last column shows that K-12 gains slightly in the remaining percentage of general fund appropriated for public schools. The second highest dollar and percentage reduction is in human services, primarily in the Medicaid program, because it is essential that the state be positioned financially for the anticipated maintenance-of-effort requirements under federal health care mandates.

The last column above shows that the most significant impact in relative and absolute terms is on long-range building. However, this reduction would be offset by passage and approval of the legislation to utilize the funds already appropriated for the clean coal program for maintenance projects over the next seven years.

### Revenues and Fund Balance Transfers

#### **Coal Trust Building Maintenance Account**

It is recommended that legislation to create a state building maintenance fund within the coal severance tax trust fund, for a seven-year period from FY94 through FY00 using the \$35 million balance in the clean coal technology demonstration fund, be adopted. The legislation will repeal statutes which established the clean coal technology demonstration fund, clean coal loans, clean coal

technology projects program and tax exemption. Montana has not been and will not be selected by the federal Department of Energy for the project.

The \$2.6 million general fund appropriated for major maintenance during the 1995 biennium is recommended as part of the budget reductions. To respond to maintenance needs, \$5 million coal severance tax no longer required for clean coal technology would be added each year. These actions would be an amendment to Chapter 624, Laws of 1993, in HB2. The 1995 biennium general fund cost in lost interest earnings would be no more than \$175,000 depending on timing of project expenditures. This cost projection is included on the balance sheet.

Agencies requested more than \$191 million in state funding for life-safety codes, regulatory compliance and continued operation of state buildings during the 1995 biennium. Because the cigarette tax will continue to be a declining revenue source for the long-range building program, the Governor is recommending that the \$35 million already appropriated for the clean coal program be used to respond to long-delayed maintenance of state facilities throughout Montana. For a detailed list of the recommended projects and further information, see the Long-Range Planning section of the executive budget.

### **Correct Error in Coal Tax Flow to Trust**

Amendments made to 17-5-701, MCA, during the January 1992 special session inadvertently eliminated the clause that allowed for transfers of excess amounts from the coal trust bond fund to the permanent trust. Under current law, the transfer is allowed beginning this fiscal year to the treasure state endowment fund.

Inability to legally transfer amounts from the bond fund to the trust has resulted in \$37.067 million of bond fund investments in STIP -- roughly equal to two years of coal severance tax trust revenues. Federal arbitrage laws prohibit their investment in higher yield long-term securities without a significant penalty to the state. Moreover, if the transfer was made this fiscal year, the entire amount would have to be deposited in the treasure state endowment fund, not the trust, which was never intended nor contemplated.

The proposal corrects this error by providing for the transfer of the excess bond fund proceeds to the permanent coal trust. With this legislation, the funds would be available for long-term investment at rates much greater than in STIP. Additional interest earnings for the general fund and school equalization account of almost \$1.175 million are expected, if these funds were allowed to be invested in long-term securities.

Recommended legislation also will make minor changes in the allocation of receipts between the treasure state endowment fund and the permanent trust. This change is consistent with the intentions of the authors of the treasure state endowment program and explanations provided to the public. Further, the change will result in more predictable flows to the accounts and eliminate unnecessary paperwork created by the transfer of investments between the accounts.

### **Timber Revenue to Capitol Land Grant**

During the 1992 special session, the legislature passed HB3 which provided that revenue from state timber sales on public school lands would be deposited in the school equalization account. This provision was made permanent for the schools by HB667. The executive budget recommendation extends the provision to the capitol building trust lands. Timber sale revenues on capitol land grant lands are proposed to be deposited to the capitol land grant account effective January 1, 1994. Excess funds in the capitol land grant account are appropriated by language in HB2 for debt service, thereby reducing the general fund cost of debt service. The net impact is additional revenue of \$334,000 in FY94 and \$1,218,000 in FY95 for debt service, which reduces general fund statutory appropriations by a like amount.

## **Federal Fire Reimbursement**

The Forestry Division of the Department of State Lands works cooperatively with the Bureau of Land Management (BLM) and the U. S. Forest Service (USFS) in the suppression of wildfires. The Forestry Division assists in fire suppression activities on some federal land, while BLM and/or USFS assist in fire suppression activities on some state land. The agency providing the fire suppression services then bills the land managing agency for the reimbursement of actual costs incurred. The Forestry Division pays BLM or USFS for suppression services provided by the agency(s) for wildfires on state lands. In turn, the Forestry Division will be reimbursed by BLM or USFS for fire suppression services they have provided on federal land. The federal reimbursement funds received are deposited directly into the general fund except for the first \$100,000. The Forestry Division has federal appropriation authority of \$100,000 to cover additional personal service costs (overtime and temporary employees) incurred when division staff are called out to fight fires. There is \$6,000 on the balance sheet for federal reimbursement which the DSL will absorb for its overtime and temporary employees.

## **Liquor Store Conversion**

Unlike recent proposals, which would have converted state-operated liquor stores to agencies, this proposal would divest the state of liquor retail operations based on the view that the state has no compelling interest in operating retail distribution. Furthermore, divestiture of retail operations reduces state costs while promoting private enterprise. Liquor would be retailed by the existing all-beverage licensees (approximately 1,500) taking delivery of inventory directly from the state warehouse. This proposal would affect an estimated 75 store employees and 81 contract agents. The administration will proceed immediately to work with the affected individuals in developing a satisfactory arrangement. A new statewide wholesale price structure would be established which would be an average 5 percent lower than the current retail price at state stores. Turnover of the state's existing retail liquor inventory would generate approximately \$5 million for the liquor enterprise fund by the end of FY95. Termination costs, estimated at approximately \$1.5 million, would offset this one-time savings, resulting in estimated net proceeds of approximately \$3.5 million by mid-FY95. Operating costs of the liquor division would decrease by approximately \$2.6 million and a net reduction of 47.50 FTE and liquor profits deposited to the general fund would increase by approximately \$800,000 per year once the proposal is fully implemented, beginning in November of FY95. There would be no change in current liquor tax and license revenue. For further information, see the narrative under the Department of Revenue in the General Government and Transportation section of the executive budget.

## **State Fund Cost Allocation Plan**

The executive budget recommendation is twofold: First, all recoveries of indirect costs would be deposited to a state special revenue account, managed by the Department of Administration (DoA), from which statewide central services would be budgeted. This structure creates an entity responsible for collecting indirect costs with relatively strong incentives for oversight in maximizing federal cost recoveries. It also would illuminate for the legislature and public, and therefore hold DoA accountable, in the budget process the extent to which costs are being recovered. Second, expanding the scope of indirect cost recovery would significantly reduce general fund expenditures for core "infrastructure" services for which nongeneral fund sources do not currently contribute.

The current SWCAP mechanism, recovering costs from federal sources, would continue to operate as it does now. Cost recovery from nongeneral fund/nonfederal fund sources would be accomplished with the second mechanism, a State Funds Cost Allocation Plan (SFCAP). In the 1995 biennium, SFCAP and SWCAP recoveries would reduce general fund expenditures by \$465,215 in the Accounting and Management Services Division, by \$502,386 in the Personnel Division, and by \$321,249 in the Office of Budget and Program Planning. For further detail on this recommendation, see the Department of Administration under the General Government and Transportation section of the executive budget.

## **Purchasing Service Fee**

The executive budget proposes implementation of a contract management fee which would be collected by vendors who are awarded purchasing contracts and rebated to the purchasing bureau in the Department of Administration. When fully implemented, these fees would replace the general fund support of the purchasing bureau. Vendors would collect the fees from state agencies and any other political subdivisions which purchase items from state contracts. This is similar to programs which have been successfully implemented in other states. This proposal is most closely modelled on a program implemented by the state of Washington. Because contracts are generally on a three-year cycle, this proposal would not be fully implemented until the end of the 1997 biennium. For the 1995 biennium, the purchasing bureau would continue to be funded from the general fund with the proceeds from contract management fees being deposited to the general fund. A preliminary estimate is that approximately \$100,000 would be deposited to the general fund in the 1995 biennium and this amount is included on the balance sheet. As the department gains experience with the program, the fee revenue would be deposited in the 1997 biennium to a special revenue account, from which the purchasing bureau would be funded.

## **Increase Legislator Filing Fee**

An increase in the filing fee for legislative candidates from \$15 to nearly \$50 (0.5% of the biennial compensation) would be consistent with the fee structure for all other elected officials and would increase general fund revenue by about \$10,000 per year. The legislation is being introduced and the revenue is on the balance sheet for FY94.

## **Increase Lobbyist Registration Fees**

The current fee is \$10 for non-state employee lobbyists and no fee for state employees. About 500 of the 800 registered lobbyists pay the \$10 fee and would be subject to an increase to \$25. State employees would be charged \$10 for total additional revenue of \$10,500 in FY95 [(\$15 x 500) + (\$10 x 300)]. The revenue is on the balance sheet.

## **Increase Campaign Finance Report Price**

The current \$25 price for the biennial Campaign Finance Report published by the Commissioner of Political Practices is not based upon all costs of compiling and publishing the report. Full-cost pricing would justify an increase for the next volume produced in FY95 and available for sale by July, 1995. A \$10 price increase to \$35 for 250 copies would generate \$2,500 additional general fund revenue in FY96.

## **Increase Insurance Agent Renewal Fee**

Automation of the annual insurance agent renewal process will save postage and associated operating costs in the State Auditor's Office in FY95. In addition, an increase in fees from \$10 to \$15 per year is recommended for those agents who continue to utilize the more-costly paper renewal system. This will result in increased revenue deposited to the general fund of \$23,000 per year beginning in FY95. Legislation is required to implement these changes and the revenue is included on the balance sheet.

## **Increase Payee ID No. Data**

Bad debt collection efforts in the State Auditor's Office depend upon the input of payee identification numbers into payee files. To the extent that pertinent information is available from applications, licenses, and other sources, increased cooperation among state agencies as to the input of social security and driver license numbers into payee files will enable increases in the number of refund warrants captured for those owing debts to the state. The potential increase in general fund revenue is projected to be \$50,000 in FY94 and \$100,000 in FY95 as included on the balance sheet.

## **Second DUI License Reinstatement Fee to General Fund**

Special Session I action, in January, 1992, authorized deposit of the second \$50 of each \$100 driver license reinstatement fee to the general fund for the 1993 biennium. Effective for FY94, 61-2-107(2)(b), MCA, requires deposit of these fees in a state special revenue account "to be distributed to county treasurers" who "shall distribute the money to each incorporated city or town in the county" who "shall distribute the money to state and local government entities, and private entities working with state and local government entities." This required multiple pass-through of an estimated \$300,000 each year of the 1995 biennium can ultimately be used for a variety of youth and adult services, law enforcement equipment, etc, which are not all closely related to traffic safety, driver improvement services or alcohol/chemical dependency treatment and prevention. No distributions will be made until the end of FY94 so the full \$600,000 would be deposited to the general fund in the biennium. Since the provisions never have been implemented, this would not be a reduction to cities and towns. Legislation is recommended and the \$600,000 is included on the balance sheet.

## **Transfer From Crime Victims Account**

It is recommended that \$250,000 be transferred to the general fund in FY94 from the crime victims benefits account. This will not affect payments to claimants and will avoid a buildup of funds in this state special revenue account. Further, legislation will be proposed to cap the account balance at \$500,000 with any future excess automatically deposited to the general fund. Increased awareness of the program benefits may increase the number of claims and future expenditures. Implementation of a cap will merely avoid the creation of a balance above the amount necessary to make payments to victims of crime on a timely basis. The \$250,000 transfer is shown on the balance sheet.

## **Bad Debt Collection of Property Taxes (School Equalization Account)**

Bad debt collection currently is available to state agencies and the Internal Revenue Service under a trial agreement. If the bad debt collection procedures were applied to delinquent property taxes, additional revenue could be collected. Approximately 40 percent of property tax revenues offset general fund expenditures through the school equalization account and the 6-mill university levy. Legislation is required to authorize counties to utilize the bad debt procedure and is recommended by the State Auditor's Office. The potential increase in general fund revenue is projected to be \$100,000 per year beginning in FY95.

## **Expenditure Reductions**

### **Reduce Bonding for Montana State Prison**

It is recommended that the capital construction projects authorized by the 1993 Legislature proceed as adopted and approved in HB5, Chapter 624, Laws of 1993, with the exception of the Montana State Prison. There is a balance sheet savings of \$192,000 in 1995 biennium general fund debt service payments which would result from issuing the bonds for the miscellaneous projects at the Montana State Prison for about \$2 million less than originally appropriated. Realization of this savings is contingent upon passage and approval of three recommended special session bills: (1) statutory appropriation for balances in the prison industries account; (2) dairy dorm construction with assistance from inmate labor; and (3) installation and maintenance of the security fence by prison staff. For additional information, see the Long-Range Planning section of the executive budget.

### **Federal Retiree Refund Appropriation**

The administration will propose legislation to enable the Department of Revenue to provide all federal retirees with refunds on income taxes paid on federal pension income during tax years 1983 through 1987. The refunds will have the effect of taxing federal pension income the same as state pensions during this period. The proposed legislation will authorize the Department of Revenue to



immediately pay refunds, with interest, to federal retirees who have filed amended returns within the five-year statute of limitations. To date, 16,092 timely claims have been filed for tax years 1983 through 1987 for a total of \$8,578,433 in refunds and an additional \$6,090,057 in interest accumulated through January 31, 1994. In order to avoid additional interest due, the department will require an administrative appropriation for \$119,924 in FY94, primarily for overtime expenses. The total general fund cost for the 1995 biennium is \$14,788,414.

In addition, the legislation will allow the department to provide nonrefundable credits over a four year period to federal retirees who did not file timely refund claims for tax years 1983 to 1987. These nonrefundable tax credits, which would not include interest, would be applicable for tax liabilities beginning with tax year 1995. Any unused portion of the credit would be available for subsequent tax years. The department's preliminary estimate is that 80 percent of the remaining potential claims would be filed for a revenue expenditure of \$7,812,614 for these claims.

## Background

From 1983 to 1988, Montana, pursuant to state law, treated state and local government pension income more favorably than federal and private pension income for personal income tax purposes, as did twenty-three other states. During this time, all state and local government pension income was exempt from state income taxes, whereas federal and other private pension income in excess of \$3,600 per year was taxable. In March of 1989, the United States Supreme Court ruled in Davis v. Michigan that federal pension income could not be treated differently from state and local pension income. As a result of the Davis decision, the State District Court exempted all federal pension income pending legislative action. In the 1991 legislative session, the law was changed to make taxable all pension income in excess of \$3,600.

Following the Davis decision, several states faced further litigation for retroactive application of the Davis decision for federal pensioners. In the summer of 1989, in Sheehy et.al. v. Montana, Montana too was facing a lawsuit in which the plaintiffs argued for retroactive application to the previous five years, 1983 through 1988. At the time the Davis decision was announced, just prior to the deadline for filing 1988 taxes, the department advised federal pensioners in a press release to pay their 1988 taxes under the existing state law at the time (federal and private pension income taxable in excess of \$3,600) and to file for a refund. The Department of Revenue resisted the retroactive application and was sustained by both the District Court in July, 1990, and by the Montana Supreme Court in February, 1991.

Concurrently, several other states were in litigation on the retroactive application of Davis. Ultimately, Virginia took the question to the United States Supreme Court in Harper v. Virginia. This case was decided earlier this summer, suggesting that while the Davis decision should be applied retroactively, if a state provided its taxpayers adequate "predeprivation" remedies, it would not be required to issue refunds--that is, if state law provides some avenue by which a taxpayer can withhold payment of contested taxes, the state would not be liable to provide refunds. The Department of Revenue's position is that adequate predeprivation remedies do and did exist and, therefore, the state has no legal liability to provide refunds. Whether Montana's predeprivation remedies were sufficient to meet the requirements established in Harper is now pending before Montana's courts, but would be largely rendered moot upon adoption of the administration's proposed legislation.

However, in light of the Harper decision, the department has determined that the advice given to federal pensioners for 1988 taxes may have had the effect of rescinding what would have otherwise been adequate predeprivation remedies, and, therefore, the state has a legal obligation to provide refunds to federal pensioners for 1988 taxes, only. In August of 1993, the Racicot administration announced that it would pay approximately \$6 million in refunds and interest (at 9 percent per year, as required in statute) to federal pensioners for 1988 taxes. Since tax year 1988 is within the five-year statute of limitations on filing for a refund, and because a legal obligation exists, the refunds could be made without further legislation. Federal pensioners have until April 15, 1994, to file for a refund for tax year 1988.

Although the Department of Revenue has determined that no legal obligation exists to pay refunds for 1983 through 1987, as a matter of fairness and equity, the Governor will recommend to the Montana legislature that the state issue refunds to federal pensioners for 1983 through 1987. Since

a legal obligation does not exist and the statute of limitations for filing amended returns for this period has lapsed, special legislation, including an appropriation, will be required.

### **Proposed Budget Reductions**

The proposed budget reductions, to be made primarily in HB2, total \$12.790 million in FY94 and \$33.567 million in FY95. They are contained in the portion of the executive budget which is organized by appropriations subcommittee.

Regarding format and parameters of the proposed actions, recommendations affecting the general appropriations act are presented for each appropriations subcommittee. First, there is a summary table for all subcommittee agencies, except the State Fund which has a statutorily-appropriated operating budget. The summary table shows the FY92 and FY93 actual expenditures by agency by fund type; the FY94 and FY95 appropriated levels for HB2 and HB198 (pay plan); the executive budget recommended levels; the difference between the appropriated and recommended amounts for each year of the 1995 biennium; and the percentage changes from the 1993 biennium actual to the recommended and from the 1995 biennium appropriated to the 1995 biennium recommended. The recommended appropriations include all action items, including statewide recommendations.

Second, there are program tables by agency showing the total operating budgets for the 1995 biennium, comprised of both HB2 and HB198 appropriations to provide complete information for legislators. Each item recommended for action is summarized below the program table, with the columns to the right of the action items showing the general fund impact of adopting that item. Program tables show the total impact for all funds of adopting the action items listed for that program. The tables exclude statewide issues, i.e., computer processing rates, rental rates and SFCAP, which are presented for legislative consideration prior to database entry. These tables are presented only for agency programs with recommended items in order to reduce the size of the special session budget book. Therefore, the totals for each agency on the summary table described above will likely exceed the total of the published program tables for an agency.

Reductions are recommended in the general appropriations act, HB2 as introduced, unless otherwise indicated. Policy initiatives and recommendations affecting other statutes are presented in the front summary section of the executive budget.

### School Equalization Account

|                                       | ACTUAL<br>FISCAL<br>1992 | ESTIMATED<br>FISCAL<br>1993 | ESTIMATED<br>FISCAL<br>1994 | ESTIMATED<br>FISCAL<br>1995 |
|---------------------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| BEGINNING FUND BAL                    | 8.474                    | 2.552                       | 10.706                      | 0.000                       |
| ADJUSTMENTS                           | (7.586)                  | 3.517                       |                             |                             |
| REVENUES                              |                          |                             |                             |                             |
| STATE EQUALIZATION                    |                          |                             |                             |                             |
| INCOME TAX                            | 92.880                   | 101.544                     | 104.358                     | 0.000                       |
| CORPORTATION TAX                      | 14.975                   | 18.697                      | 16.994                      | 0.000                       |
| COAL TAX                              | 6.169                    | 4.045                       | 4.440                       | 4.437                       |
| I & I                                 | 39.616                   | 41.674                      | 40.985                      | 42.517                      |
| US O & G                              | 21.150                   | 21.800                      | 20.664                      | 20.968                      |
| 40 MILLS                              | 63.053                   | 64.921                      | 68.197                      | 69.968                      |
| INTEREST EARNINGS                     | 0.108                    | 0.131                       | 0.811                       | 2.771                       |
| HB20 REIMB                            | 2.341                    | 2.341                       | 2.085                       | 2.085                       |
| MISCELLANEOUS                         | 11.218                   | 5.842                       | 6.057                       | 6.397                       |
| COAL TRUST INT                        | 7.060                    | 6.756                       | 6.956                       | 0.000                       |
| LOTTERY                               | 5.494                    | 8.062                       | 9.204                       | 9.204                       |
| TOTAL STATE EQUALIZATION              | 264.065                  | 275.813                     | 280.751                     | 158.347                     |
| COUNTY EQUALIZATION                   |                          |                             |                             |                             |
| 55 MILLS                              | 85.767                   | 90.028                      | 93.770                      | 96.203                      |
| HS TUITION                            | (0.993)                  | (0.873)                     | (1.129)                     | (1.129)                     |
| CASH REAPPROP                         | 6.718                    | 12.203                      | 0.000                       | 0.000                       |
| FOREST FUNDS                          | 2.306                    | 2.425                       | 2.599                       | 3.017                       |
| TAYLOR GRAZING                        | 0.150                    | 0.149                       | 0.150                       | 0.150                       |
| MISCELLANEOUS                         | 29.661                   | 29.959                      | 27.937                      | 26.994                      |
| TOTAL COUNTY EQUALIZATION             | 123.609                  | 133.891                     | 123.327                     | 125.235                     |
| GENERAL FUND APPROPRIATION            | 12.100                   | 19.900                      | 0.000                       | 124.910                     |
| TOTAL AVAILABLE                       | 400.662                  | 435.673                     | 414.784                     | 408.492                     |
| EXPENDITURES                          |                          |                             |                             |                             |
| DIRECT STATE AID                      | 347.733                  | 354.844                     | 270.338                     | 277.582                     |
| GTB AID                               | 30.905                   | 30.355                      | 102.592                     | 114.320                     |
| RETIREMENT GTB                        | 15.214                   | 15.606                      | 17.184                      | 17.844                      |
| DEBT SERVICE GTB                      |                          | 0.000                       | 1.000                       | 1.000                       |
| TRANSPORTATION- HB2                   | 3.908                    | 3.914                       | 3.908                       | 3.914                       |
| TELECOMMUNICATIONS- HB2               | 0.148                    | 0.153                       | 0.200                       | 0.200                       |
| HB652 - SIMMS GRANT                   | 0.000                    | 0.000                       | 0.500                       | 0.500                       |
| HB667 ADMINISTRATION - OPI            | 0.000                    | 0.000                       | 0.400                       | 0.000                       |
| SB278 CHILDREN'S TREATMENT FACILITIES | 0.000                    | 0.000                       | 0.500                       | 0.000                       |
| TAX INCREMENT DISTRICTS               | 0.018                    | 0.008                       | 0.000                       | 0.000                       |
| BONUS PAYMENTS                        | 0.184                    | 0.187                       | 0.075                       | 0.100                       |
| TOTAL EXPENDITURES                    | 398.110                  | 405.067                     | 396.697                     | 415.460                     |
| REVERSION (SUPPLEMENTAL)              | 2.552                    | 19.900                      | 18.087                      | (6.968)                     |

### Proposed Special Session Actions

|   |         |
|---|---------|
| REDUCE BASE FUNDING FORMULA 1.5%            | (5.203) |
| DELAY INCLUSION OF FULL TIME SPECIAL ED ANB | (4.617) |
| REDUCE TRUSTEE BUDGET INCREASE 4% TO 2%     | (0.790) |
| REDUCE CONSOLIDATION DISINCENTIVE           | (0.680) |
| CORRECT COAL TAX FLOW                       | (0.102) |
| NATURAL RESOURCE TAX RECOVERY               | 0.099   |
| REVERSION (SUPPLEMENTAL)                    | 18.003  |
|   | 4.325   |

## School Equalization Account Recommendations

The table on the previous page summarizes the revenue, expenditures, and affect of the proposed special session actions in the school equalization account. Revenues in FY93 exceeded estimates by \$5.4 million due chiefly to an additional \$2.7 million lottery revenue and \$4.6 million county equalization revenue. These were offset by a \$1.7 million shortfall in corporation tax revenue. Revenues in the 1995 biennium are anticipated to fall short of post-session estimates by approximately \$3.2 million. Repeal of HB671 reduces income tax revenues by \$12.3 million in FY94. Lottery revenues are anticipated to be \$6.8 million higher than initially estimated in the 1995 biennium, and the estimate of county equalization revenues is \$2.3 million higher. The previous section on revenue estimates gives further detail on these changes.

The special session budget contains proposals to reduce school equalization account expenditures by \$10.4 million. These proposals are listed below with further explanation.

**o Reduce funding formula by 1.5 percent**

This proposal will reduce the school district basic entitlement and total per-ANB entitlement by 1.5 percent. The table below shows the changes to these entitlement levels. This will save approximately \$5.2 million general fund in FY95.

|                           | High School |           | Elementary |          |
|---------------------------|-------------|-----------|------------|----------|
|                           | Current     | Proposed  | Current    | Proposed |
| Basic entitlement         | \$200,000   | \$197,000 | \$18,000   | \$17,730 |
| Total per-ANB entitlement | 4,900       | 4,826     | 3,500      | 3,448    |

**o Delay Inclusion of Full-Time Special Education Students in District ANB**

Under HB667, full-time special education students who currently are not counted in the ANB of a district for funding purposes would begin to be counted in FY95. This increases the statewide ANB by approximately 2,000 and increases the FY95 state cost by \$4.6 million. Further delay of this provision, contained in SB348 which revises the payment system for special education students, would not remove from any district money which it is now receiving. In SB348 the provision was not made effective until FY96.

**o Reduce Trustee Budget Increase Limit Without a Vote to 2 Percent**

Under HB667, the district trustees are allowed to increase budgets by 4 percent or 4 percent/ANB without a vote of the district. Reducing these limits to 2 percent would increase voter involvement and the accountability of the district and, very likely, reduce expenditures. The state would benefit as the reduced spending would lower state GTB costs by approximately \$790,000 in FY95.

**o Reduce Disincentive for Consolidation Found in Current Equalization Schedules**

Former-Governor Ted Schwinden, in his recent study of school consolidation, questioned whether high schools of less than 35 ANB adequately serve the interests of students or taxpayers of the districts and cited HB667 as creating a disincentive to consolidation. This disincentive appears in the form of the higher levels of direct state aid paid to smaller schools. Two high schools of 30 ANB each would receive \$277,426 direct state aid (i.e., without any local tax effort) while one high school of 60 ANB would receive only \$197,246 direct state aid. If the schools can be effectively combined and improve the education provided to students, the \$80,180 acts as a disincentive to such action.

This proposal would require any high school with 35 ANB or less, and which is closer than 25 miles to the nearest district, to pay one-half the state portion of the basic entitlement payment of \$80,000 with district funds. This would require amendment of current statute relating to isolation status of districts. A similar procedure is already in effect for non-isolated elementary districts of 9 ANB or fewer. This action would save approximately \$680,000 in FY95. A list of the affected districts, their ANB and distance to the nearest school, follows.

| <u>County</u> | <u>District</u> | <u>Distance to<br/>Nearest School</u> | <u>ANB</u> |
|---------------|-----------------|---------------------------------------|------------|
| Daniels       | Flaxville       | 11                                    | 28         |
| Daniels       | Peerless        | 20                                    | 32         |
| Gallatin      | Willow Creek    | 5                                     | 23         |
| Golden Valley | Lavina          | 17                                    | 25         |
| Golden Valley | Ryegate         | 17                                    | 28         |
| Hill          | K-G high school | 15                                    | 34         |
| Judith Basin  | Geyser          | 15                                    | 34         |
| Petroleum     | Winnett         | 23                                    | 31         |
| Richland      | Savage          | 21                                    | 35         |
| Roosevelt     | Bainville       | 15                                    | 34         |
| Rosebud       | Rosebud         | 12                                    | 30         |
| Sheridan      | Outlook         | 19                                    | 22         |
| Sheridan      | Westby          | 24                                    | 32         |
| Stillwater    | Rapelje         | 25                                    | 24         |
| Stillwater    | Reedpoint       | 17                                    | 29         |
| Valley        | Hinsdale        | 13                                    | 26         |
| Yellowstone   | Custer          | 21                                    | 28         |

o

#### **Correct Coal Tax Flow**

This represents the gain in interest revenues to the SEA associated with depositing coal tax funds to the permanent trust fund which are currently trapped in the coal trust bond fund. The latter fund is invested at lower short-term rates. See narrative following general fund table for further detail.

o

#### **Natural Resource and Corporate Tax Recovery**

It is proposed the Department of Revenue allocate the costs of collection to the various governments which receive the tax revenues. These charges will reduce revenue to the school equalization account as counties are assessed for their share of collection costs and audit. See narrative for Department of Revenue, Corporation Tax Division for further detail.

## Policy Initiatives with No Fiscal Impact

### Employee Incentive Program

The administration proposes legislation which would strengthen the existing employee incentive program authorized under Title 2, Chapter 18, part 11. The purpose of this legislation is to provide an employee incentive award program to recognize those employee groups, teams, work units or individual employees who, through their excellence, have significantly reduced the cost or improved the effectiveness of state government. Awards are intended to recognize actual accomplishments where cost savings or program improvements are demonstrated and documented. The number of awards is specifically limited to emphasize that this recognition is reserved for those employees and employee groups who exemplify the highest level of excellence in public service.

The current program authorizes the Department of Administration to approve awards, which are then made at the discretion of the agency director, to employees who submit suggestions which reduce the cost of governmental operations. The amount of the award is 10 percent of the estimated savings up to a maximum of \$3,000. Employees are not eligible for awards if their suggestions are related to their assigned job duties unless determined to be so meritorious as to warrant special recognition.

This legislation will improve the existing employee incentive program by broadening the objective and allowing agencies greater discretion and ability to reward employees for excellence in the work site. This legislation will provide direct incentives to state employees to participate in efforts to save the state money and improve the effectiveness and efficiency of state programs. The legislation gives agency managers a specific tool for recognizing and encouraging these efforts. The highlights of the proposed legislation are:

- Employees would be eligible for awards for documented achievements in their area of assigned duties. The most fertile source of effective cost savings or improvements is the employees who are familiar with a particular program or procedure.
- Awards would be based on results. While employees who initially suggest and develop ideas would continue to be eligible, awards would be made when the suggestion is implemented and produces a measurable outcome.
- The employee incentive program would focus on team performance. Although individuals may still be recognized, successful ideas for improving the efficiency and effectiveness of government often require the cooperation and team effort of many individuals.
- Awards would be made not only for efforts which reduce the costs of governmental operations, but also for initiatives which improve the quality of service without increasing costs--doing more with the same amount of resources. The current program, in practice, is narrowly focused on cost reductions. While cost savings would continue to be rewarded, there are many other areas of improvement in services and efficiency which should be equally encouraged.
- The process would be streamlined by eliminating the advisory council and Department of Administration approval. Agencies are in the best position to evaluate successful results. Additional review layers by persons who, most often, have little knowledge or expertise simply delay the process.
- Agencies would be authorized to award leave time in lieu of cash awards. Many agencies may not have adequate budget resources to make cash awards, particularly when initiatives produce long-term savings or improve program effectiveness without necessarily decreasing program costs. In addition, agencies would be permitted to make cash awards from prior year savings, providing an incentive for both employees and managers to reduce expenditures during the fiscal year, and further discouraging the tendency to "spend it or lose it".
- The maximum award would be reduced for the following reasons: to allow agencies to reward team efforts, rather than only one or two individuals, due to budget constraints; to reduce the

disparity among agencies which have differing levels of budgetary flexibility in their ability to recognize and reward excellence; and to compensate for the greater degree of agency discretion in making awards. A maximum award of \$500 will be a sufficient incentive for employees whose primary motivation is to do their jobs well and be recognized for a job well done.

#### **Paperwork Simplification and Budget Improvement**

In cooperation with the Office of the Legislative Auditor the administration is supporting legislation to amend 17-7-138 and 139, MCA.

In addition, the administration is requesting legislation, modeled after HB500 from the 1993 regular session, to redefine base budgets as the amount of the previous biennium budget for each agency.

Both of these recommendations are designed to reduce paperwork and agency management of government operations.

**HJR 3 With Legislation Adjustments and Special Session Revisions  
General Fund Estimates**

| <b>Revenue Source</b>            | <b>Actual<br/>FY 93</b> | <b>Estimated<br/>FY 94</b> | <b>Estimated<br/>FY95</b> |
|----------------------------------|-------------------------|----------------------------|---------------------------|
| Individual Income Tax            | 225.294                 | 195.262                    | 314.825                   |
| Corporate License Tax            | 51.307                  | 38.631                     | 54.173                    |
| Coal Severance Tax               | 13.700                  | 5.994                      | 5.990                     |
| Oil Severance Tax                | 17.038                  | 12.771                     | 14.082                    |
| Interest on Investments          | 12.917                  | 10.850                     | 9.378                     |
| Long-Range Bond Excess           | 47.644                  | 45.051                     | 46.652                    |
| Coal Trust Interest Income       | 42.320                  | 39.416                     | 45.582                    |
| Insurance Premium Tax            | 24.464                  | 21.699                     | 24.712                    |
| Public Institution Reimbursement | 14.486                  | 13.561                     | 14.160                    |
| Liquor Profits                   | 3.800                   | 4.233                      | 4.513                     |
| Liquor Excise Tax                | 6.645                   | 6.533                      | 6.823                     |
| Inheritance Tax                  | 12.869                  | 10.405                     | 10.679                    |
| Metal Mines Tax                  | 4.031                   | 3.526                      | 3.692                     |
| Electrical Energy Tax            | 4.232                   | 3.994                      | 4.021                     |
| Driver's License Tax             | 1.693                   | 2.271                      | 2.276                     |
| Telephone License Tax            | 3.866                   | 6.803                      | 4.091                     |
| Beer License Tax                 | 1.545                   | 1.422                      | 1.459                     |
| Natural Gas Severance Tax        | 1.639                   | 1.158                      | 1.173                     |
| Rail Car Tax                     | 0.060*                  | 3.200                      | 3.200                     |
| Wine Tax                         | 0.835                   | 0.798                      | 0.804                     |
| Video Gaming Tax                 | 10.818                  | 9.664                      | 10.404                    |
| Motor Vehicle Account            | 9.382                   | 10.193                     | 10.457                    |
| Vehicle Fees                     | 3.288                   | 3.248                      | 3.397                     |
| Public Contractor's Tax          | 1.448                   | 1.242                      | 1.252                     |
| Other Revenue Sources            | 24.635                  | 16.268                     | 16.931                    |
| <b>Total General Fund</b>        | <b>539.955</b>          | <b>468.193</b>             | <b>614.726</b>            |

\* \$5.143 million collected and deposited in escrow account.

**Explanation of Changes in Revenue Estimates**

The executive budget recommendations include net general fund and school equalization account revenues for the biennium that are \$72.047 million lower than the OBPP estimate presented at the conclusion of the regular session. Three factors explain the difference:

- 1) The suspension of HB671 caused a downward revision of individual and corporate income tax receipts of \$72.144 million (ignoring corporation tax returned to local governments). The revision implicitly assumes the measure will fail a vote of the electorate in November 1994.
- 2) The refund of 1988 individual income taxes to federal retirees will reduce FY94 income tax collections by an estimated \$6 million. Since these refunds are being recorded against FY94 revenue collections, a downward adjustment of \$6 million in total income tax collections is necessary for this fiscal year.
- 3) A limited review of all the general fund and school equalization revenue sources suggests that the assumptions and estimates for certain sources need revision. This review included sources that account for over 80 percent of the combined revenue to the accounts.



The following explains the adjustments included in the general fund and school equalization revenue tables.

### **Individual Income Tax Collections**

Estimated total income tax collections were reduced by \$29.910 million in FY94 and \$33.178 million in FY95 to account for the suspension of HB671 and the reversion to the previous income tax statutes. Since HB671 was also referred to the voters for a November 1994 vote, the revision implicitly assumes the measure will fail the electorate review.

Refunds are currently being processed for the income taxes collected for the 1988 tax year from federal retirees. Under the Davis decision, which held that it was illegal for a state to discriminate against federal retirees relative to other retirees, the incremental taxes on federal retirement income were erroneously collected and must be refunded upon the presentation of an amended return. Since the 1988 tax year is within the five-year statute of limitations, refunds are being processed as they are received. An estimated \$6 million of tax and interest are expected to be refunded this fiscal year.

Economic variables affecting individual income tax receipts were also reviewed. The limited current economic data, while suggesting that the wage and salary component of the estimated income tax base outperformed HJR3 assumptions for calendar year 1992, is insufficient to justify further revisions to the estimate, particularly when considered with actual FY93 collections that were very close to the HJR3 estimate. The wage and salary data must be considered with reported information from 1992 tax returns before informed revisions can be entertained. Information from 1992 returns will not be available until January of next year.

### **Oil Severance Tax**

Oil prices contained in the HJR3 assumptions are too high relative to current prices and their short-term outlook. HJR3 contains estimates of \$17.70, \$18.199 and \$18.50 per barrel for calendar years 1993, 1994 and 1995, respectively. Current prices reported by the Montana Oil Journal range from \$12.15 to \$15.40 per barrel. Short-term estimates suggest continued weakness throughout the forecast period.

The revised estimates include the effects of significant downward revisions in oil price assumption. Based on current forecasts prepared by Wharton Economic Forecasting Associates, oil prices are assumed to average \$15.16 for FY94 collections and \$17.24 for FY95 collections after adjustments to reflect Montana prices.

Relatively slight adjustments were made to oil production assumptions. Actual calendar year 1992 production was used in place of the HJR3 estimate. Production was assumed to decline at HJR3 rates for the period.

Adjustments to other general fund and school equalization account revenue sources potentially affected by the lower oil prices are not included in the revisions. Year-to-date collections of U.S. mineral royalties suggest downward revisions are unwarranted. Other factors appear to be more than compensating for low oil prices. School equalization revenues from the local government severance tax were not adjusted because there is a year and one-half lag between the time of production and the flow of revenues back to the account. Aside from a fairly minor impact in the final quarter of the biennium, lower prices will largely be felt in the 1997 biennium.

### **Interest Earnings**

Interest rates have not and are not expected to rebound as assumed in HJR3. Rates continue to remain relatively low by comparison.

Estimates of earnings from the coal trust and treasury cash accounts were revised to reflect more current forecasts of interest rates that reflect continued softness. Short-term rates of 3.30 percent for FY94 and 3.84 percent for FY95 are used in the revised estimates compared with the

estimates of 4.09 percent for calendar year 1994 and 4.89 percent for calendar year 1995. Average long-term rates were revised to 6.97 percent and 6.99 percent for fiscal years 1994 and 1995, respectively. HJR3 contains estimates of 7.76 percent for calendar year 1994 and 8.06 percent for calendar year 1995.

Significant adjustments also were made to the principle invested in the permanent coal trust fund. No in-flow of coal severance taxes to the trust is assumed for FY94 to reflect the current law requirement that all these funds be transferred to the Treasure State Endowment account. Likewise, the estimates reflect the transfer of \$10 million of principle to the Treasure State Endowment fund, a \$5 million ARCO loan and annual draws of \$2 million by the Montana Science and Technology Alliance (MSTA). MSTA was assumed to have sufficient revenue inflows to pay for the operation of its program and will not have to draw on interest earnings for operating expenses as allowed by HB394. The FY94 estimate for bond calls was increased from the \$2 million figure in HJR3 to \$4 million. As of the end of September, bond call revenues had already reached HJR3 levels.

The average balances of the treasury cash fund were adjusted to reflect FY93 actual balances and a \$88.9 million TRANS issue for this year.

### **Lottery**

The school equalization schedules contain revenue estimates for the lottery transfer that are consistent with the operation plan and goals of the Lottery Commission. Much of the increase in the estimate relative to HJR3 is due to the creation of a new Multi-State Lottery that is planned to begin in February, 1994. Contributions from the new game are not included in HJR3.

### **Property Taxes**

Adjustments in the revenue from the school equalization account revenues were made to reflect actual 1993 property valuations. Implicitly included within the 1993 valuation figures is the actual affect of the recently completed statewide reappraisal. The combination of stronger growth in base valuations and a larger contribution from reappraisal produces about \$2.7 million more revenue for the biennium than was contained in previous OBPP estimates (about \$4 million more than estimates used by the LFA).

### **Telephone License Tax**

At the beginning of this year, approximately \$2.8 million was collected from a multi-year telephone tax audit. This audit was not considered when HJR3 was prepared and, therefore, these proceeds represent new, one-time revenue that needs to be added to the HJR3 estimate.

### **Rail Car Tax**

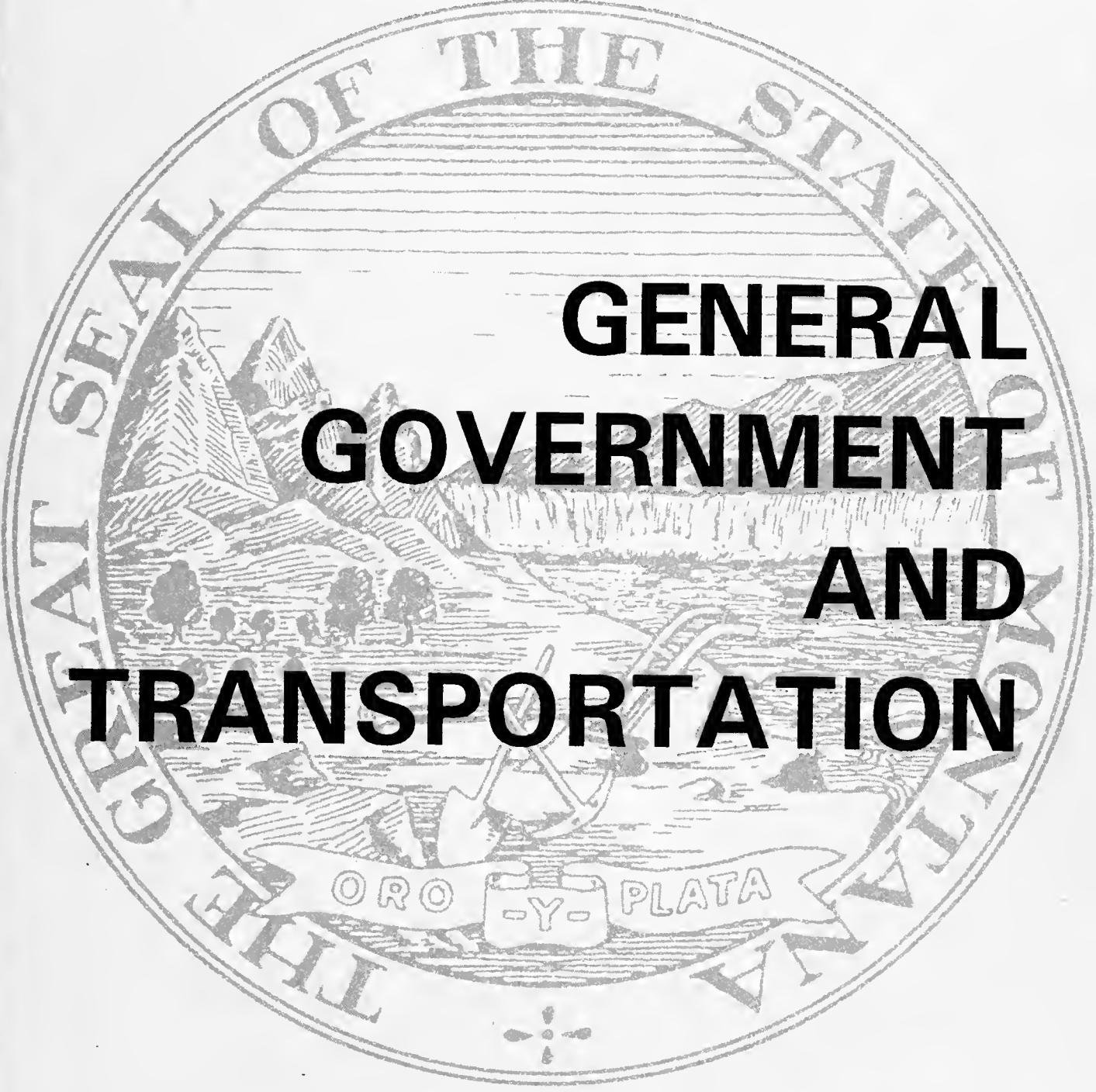
The estimates used in this document assume the state will prevail in its defense of the new rail car tax and a ruling will be issued this biennium. A similar Oregon case is currently before the U.S. Supreme Court with a decision expected this spring. The fate of Montana's tax will largely depend on this decision.

(Note the \$5.1 million deposited in an escrow account during FY93 has not been included in the general fund estimates for FY94 or FY95. The estimates for the 1995 biennium, therefore, can be viewed as expected values in a probabilistic sense in which the state stands a fifty-fifty chance of winning the entire amount owed).

## Legislation Required to Implement the Recommended Executive Budget

| <u>Bill</u> | <u>LC</u> | <u>Brief Description of Proposed Legislation</u>                                    |
|-------------|-----------|---|
| HB1         |           | Feed Bill   |
| HB2         |           | General Appropriations Act Amendments   |
|             |           | Including Amending: Chapter 624, 1993 (HB5-LRB)                                     |
|             |           | Chapter 550, 1993 (HB145-Health Authority)  |
|             |           | Chapter 769, 1991 (SB94-Ground Water)   |
|             |           | Revise Employee Incentive Program   |
|             |           | Paperwork Simplification and Budget Improvement                                     |
|             |           | Refunds for Federal Retirees  |
|             |           | Timber Revenue  |
|             |           | Property Tax Revisions  |
|             |           | Correct Coal Tax Flow to Permanent Trust  |
|             |           | School Equalization   |
|             |           | 3201: Raise legislative candidates filing fees                                      |
|             |           | 3201: Reduce the number of county election administrator workshops                  |
|             |           | 3202: Change registration fee for lobbyists   |
|             |           | 3401: Provide for electronic filing for appointment of insurance producers          |
|             |           | 3401: Collect back taxes owed to counties upon request by the governing body        |
|             |           | 3401: Require conversion of payroll/retirement warrants to EDF                      |
|             |           | 4107: Balances in crime victims benefits account                                    |
|             |           | 4108: Deposit 2nd \$50 DUI reinstatement fee to general fund                        |
|             |           | 4110: Single license plates   |
|             |           | 5801: Privatize state liquor retail operations                                      |
|             |           | 5801: Streamline property valuation division  |
|             |           | 5801: Recover natural resource and corp tax costs                                   |
|             |           | 6602: Eliminate silicosis program   |
|             |           | 6901: Revise Medicaid program   |
|             |           | 5501: Repeal school trust lands equalization payments                               |
|             |           | 5501: Revise slash law  |
|             |           | 5603: Repeal Meat and Poultry Inspection program                                    |
|             |           | 5706: Postpone Lower Missouri EIS   |
|             |           | 6101: Create a State Funds Cost Allocation Plan and account                         |
|             |           | 6501: Restructure local government audits; move to OLA                              |
|             |           | 3501: Deposit additional driver's license reinstatement fees to GF                  |
|             |           | 6107: Repeal clean coal and replace with major maintenance projects                 |
|             |           | 6107: Inmate labor for dairy dorm   |
|             |           | 6107: MSP staff labor for security fence installation and maintenance               |
|             |           | 6107: Balance in prison industries account for capital construction and maintenance |



The background of the page features the Great Seal of the State of Nevada. The seal is circular and contains a detailed landscape with mountains, a river, and a boat. A banner at the bottom of the seal reads "ORO - Y - PLATA". The words "THE GREAT SEAL OF THE STATE OF NEVADA" are inscribed around the perimeter of the seal.

# **GENERAL GOVERNMENT AND TRANSPORTATION**



# GENERAL GOVERNMENT & TRANSPORTATION

## OVERVIEW

| Agency                             | FY92      | Actual    | FY93      | Appropriated |           | Recommended |           | Differences |         | Biennial % Change    |                      |
|------------------------------------|-----------|-----------|-----------|--------------|-----------|-------------|-----------|-------------|---------|----------------------|----------------------|
|                                    |           |           |           | FY94         | FY95      | FY94        | FY95      | FY94        | FY95    | 95 Rec/<br>93 Actual | 95 Rec/<br>95 Approp |
| 1101 Legislative Auditor           |           |           |           |              |           |             |           |             |         |                      |                      |
| General Fund                       | 1,164,919 | 1,257,174 | 1,257,174 | 1,307,400    | 1,308,907 | 1,306,683   | 1,306,078 | (717)       | (829)   | 7.9%                 | -0.1%                |
| State Special                      | 1,329,814 | 1,393,378 | 1,393,378 | 1,425,238    | 1,423,033 | 1,424,488   | 1,422,166 | (750)       | (867)   | 4.5%                 | -0.1%                |
| Proprietary                        | 0         | 0         | 0         | 0            | 0         | 1,248       | 746,891   | 1,246       | 746,891 | NA                   | NA                   |
| Total Funds                        | 2,494,733 | 2,650,552 | 2,650,552 | 2,732,638    | 2,729,940 | 2,732,417   | 3,475,135 | (221)       | 745,195 | 20.8%                | 13.6%                |
| 1102 Legislative Fiscal Analyst    |           |           |           |              |           |             |           |             |         |                      |                      |
| General Fund                       | 789,044   | 842,619   | 842,619   | 825,041      | 860,055   | 824,465     | 859,030   | (576)       | (1,025) | 3.2%                 | -0.1%                |
| 1104 Legislative Council           |           |           |           |              |           |             |           |             |         |                      |                      |
| General Fund                       | 1,827,048 | 2,501,938 | 2,501,938 | 1,984,314    | 2,162,118 | 1,981,920   | 2,158,392 | (2,394)     | (3,726) | -4.4%                | -0.1%                |
| State Special                      | 1,080,806 | 420,978   | 420,978   | 920,351      | 448,382   | 918,948     | 446,398   | (1,403)     | (1,984) | -9.1%                | -0.2%                |
| Nonexpend Trust                    | 9,315     | 8,734     | 8,734     | 0            | 0         | 0           | 0         | 0           | 0       | -100.0%              | NA                   |
| Total Funds                        | 2,917,168 | 2,931,650 | 2,931,650 | 2,904,665    | 2,610,500 | 2,900,868   | 2,604,790 | (3,797)     | (6,710) | -5.9%                | -0.2%                |
| 1109 Senate                        |           |           |           |              |           |             |           |             |         |                      |                      |
| General Fund                       | 233,970   | 1,514,846 | 1,514,846 | 0            | 0         | 0           | 0         | 0           | 0       | NA                   | NA                   |
| 1110 House                         |           |           |           |              |           |             |           |             |         |                      |                      |
| General Fund                       | 489,355   | 2,406,869 | 2,406,869 | 0            | 0         | 0           | 0         | 0           | 0       | NA                   | NA                   |
| 1111 Environmental Quality Council |           |           |           |              |           |             |           |             |         |                      |                      |
| General Fund                       | 278,112   | 263,655   | 263,655   | 278,061      | 282,512   | 278,061     | 282,512   | 0           | 0       | 3.5%                 | 0.0%                 |
| State Special                      | 10,921    | 27,768    | 27,768    | 27,256       | 0         | 27,258      | 0         | 0           | 0       | -29.6%               | 0.0%                 |
| Total Funds                        | 289,033   | 291,423   | 291,423   | 305,317      | 282,512   | 305,317     | 282,512   | 0           | 0       | 1.3%                 | 0.0%                 |
| 1112 Consumer Counsel              |           |           |           |              |           |             |           |             |         |                      |                      |
| State Special                      | 621,849   | 635,703   | 635,703   | 1,003,325    | 1,007,311 | 1,003,559   | 1,007,774 | 234         | 463     | 59.9%                | 0.0%                 |
| Total Funds                        | 621,849   | 635,703   | 635,703   | 1,003,325    | 1,007,311 | 1,003,559   | 1,007,774 | 234         | 463     | 59.9%                | 0.0%                 |
| 2110 Judiciary                     |           |           |           |              |           |             |           |             |         |                      |                      |
| General Fund                       | 8,184,776 | 7,461,800 | 7,461,800 | 5,531,898    | 5,491,712 | 5,416,088   | 5,487,140 | (115,812)   | (4,572) | -30.3%               | -1.1%                |
| State Special                      | 1,011,891 | 1,039,095 | 1,039,095 | 521,984      | 521,501   | 522,744     | 523,013   | 760         | 1,512   | -49.0%               | 0.2%                 |
| Federal Revenue                    | 16,073    | 35,948    | 35,948    | 0            | 0         | 0           | 0         | 0           | 0       | -100.0%              | NA                   |
| Total Funds                        | 9,212,740 | 8,536,843 | 8,536,843 | 6,053,882    | 6,013,213 | 5,938,830   | 6,010,153 | (115,052)   | (3,080) | -32.7%               | -1.0%                |

| Agency                                   | Actual     |            |           |           | Appropriated |           | Recommended |           | Differences |           | Biennial % Change |                     |
|--|------------|------------|-----------|-----------|--------------|-----------|-------------|-----------|-------------|-----------|-------------------|---------------------|
|  | FY92       | FY93       | FY94      | FY95      | FY94         | FY95      | FY94        | FY95      | FY94        | FY95      | 93 Actual         | 95 Rec/<br>95 Appro |
| 3101 Governor's Office                   |            |            |           |           |              |           |             |           |             |           |                   |                     |
| General Fund                             | 2,448,976  | 2,339,437  | 2,255,575 | 2,259,609 | 2,137,968    | 2,052,236 | (117,607)   | (207,373) | (117,607)   | (207,373) | -12.5%            | -7.2%               |
| State Special                            | 18,648     | 29,479     | 739,698   | 245,857   | 855,967      | 450,837   | 116,269     | 204,980   | 116,269     | 204,980   | 2615.3%           | 32.6%               |
| Federal Revenue                          | 455,198    | 431,532    | 491,572   | 499,389   | 491,572      | 499,389   | 0           | 0         | 0           | 0         | 11.8%             | 0.0%                |
| Total Funds                              | 2,922,822  | 2,800,448  | 3,486,845 | 3,004,855 | 3,485,507    | 3,002,462 | (1,338)     | (2,393)   | (1,338)     | (2,393)   | 13.4%             | -0.1%               |
| 3201 Secretary of State                  |            |            |           |           |              |           |             |           |             |           |                   |                     |
| General Fund                             | 938,544    | 1,481,184  | 54,148    | 68,584    | 40,798       | 68,433    | (13,350)    | (151)     | (13,350)    | (151)     | -95.5%            | -11.0%              |
| State Special                            | 182,804    | 182,876    | 0         | 0         | 0            | 0         | 0           | 0         | 0           | 0         | -100.0%           | NA                  |
| Proprietary                              | 328,115    | 338,660    | 1,611,337 | 1,474,093 | 1,608,796    | 1,471,924 | (2,541)     | (2,169)   | (2,541)     | (2,169)   | 362.0%            | -0.2%               |
| Total Funds                              | 1,449,463  | 2,002,720  | 1,665,485 | 1,542,677 | 1,649,594    | 1,540,357 | (15,891)    | (2,320)   | (15,891)    | (2,320)   | -7.6%             | -0.6%               |
| 3202 Commissioner of Political Practices |            |            |           |           |              |           |             |           |             |           |                   |                     |
| General Fund                             | 133,889    | 145,603    | 124,994   | 123,478   | 124,942      | 123,384   | (52)        | (94)      | (52)        | (94)      | -11.2%            | -0.1%               |
| 3401 State Auditor's Office              |            |            |           |           |              |           |             |           |             |           |                   |                     |
| General Fund                             | 2,293,215  | 2,365,444  | 1,945,738 | 1,944,029 | 1,941,313    | 1,906,025 | (4,425)     | (38,004)  | (4,425)     | (38,004)  | -17.4%            | -1.1%               |
| State Special                            | 8,037,845  | 8,689,344  | 1,153,061 | 1,058,680 | 1,143,801    | 1,030,919 | (9,260)     | (27,761)  | (9,260)     | (27,761)  | -87.0%            | -1.7%               |
| Federal Revenue                          | 9,108,843  | 11,918,322 | 0         | 0         | 0            | 0         | 0           | 0         | 0           | 0         | -100.0%           | NA                  |
| Proprietary                              | 153,034    | 169,118    | 195,939   | 197,434   | 196,188      | 198,108   | 249         | 672       | 249         | 672       | 22.4%             | 0.2%                |
| Total Funds                              | 19,592,936 | 23,142,228 | 3,294,738 | 3,200,143 | 3,281,302    | 3,135,050 | (13,436)    | (65,093)  | (13,436)    | (65,093)  | -85.0%            | -1.2%               |
| 4107 Crime Control Division              |            |            |           |           |              |           |             |           |             |           |                   |                     |
| General Fund                             | 455,254    | 471,115    | 461,392   | 471,082   | 458,201      | 467,738   | (3,191)     | (3,344)   | (3,191)     | (3,344)   | 0.0%              | -0.7%               |
| State Special                            | 618,026    | 871,888    | 623,918   | 625,680   | 623,858      | 625,571   | (60)        | (109)     | (60)        | (109)     | -16.1%            | 0.0%                |
| Federal Revenue                          | 3,639,730  | 3,908,246  | 3,799,930 | 3,801,657 | 3,803,203    | 3,805,200 | 3,273       | 3,543     | 3,273       | 3,543     | 0.8%              | 0.1%                |
| Total Funds                              | 4,713,010  | 5,251,228  | 4,885,240 | 4,898,419 | 4,885,262    | 4,898,509 | 22          | 90        | 22          | 90        | -1.8%             | 0.0%                |
| 4108 Highway Traffic Safety              |            |            |           |           |              |           |             |           |             |           |                   |                     |
| General Fund                             | 183,080    | 180,080    | 180,701   | 180,696   | 180,701      | 180,696   | 0           | 0         | 0           | 0         | -0.5%             | 0.0%                |
| State Special                            | 72,646     | 72,840     | 382,548   | 384,760   | 82,546       | 84,760    | (300,000)   | (300,000) | (300,000)   | (300,000) | 15.0%             | -78.2%              |
| Federal Revenue                          | 1,114,493  | 977,748    | 1,309,990 | 1,311,468 | 1,309,990    | 1,311,468 | 0           | 0         | 0           | 0         | 25.3%             | 0.0%                |
| Total Funds                              | 1,370,220  | 1,230,665  | 1,873,237 | 1,876,924 | 1,573,237    | 1,576,924 | (300,000)   | (300,000) | (300,000)   | (300,000) | 21.1%             | -16.0%              |



| Agency                                  | Actual       |             |             | Appropriated |             | Recommended |           | Differences |        | Biennial % Change |                   |
|---|--------------|-------------|-------------|--------------|-------------|-------------|-----------|-------------|--------|-------------------|-------------------|
|   | FY92         | FY93        | FY94        | FY94         | FY95        | FY94        | FY95      | FY94        | FY95   | 93 Actual         | 95 Rec/ 95 Approp |
| 4110 Justice                            |              |             |             |              |             |             |           |             |        |                   |                   |
| General Fund                            | 12,061,560   | 13,385,966  | 12,929,689  | 9,766,400    | 12,745,267  | 9,345,685   | (184,432) | (420,715)   | -13.2% | -2.7%             |                   |
| State Special                           | 36,716,192   | 35,523,380  | 16,324,633  | 19,563,324   | 16,336,461  | 19,583,700  | 11,828    | 20,376      | -50.3% | 0.1%              |                   |
| Federal Revenue                         | 1,295,860    | 1,834,965   | 1,479,125   | 1,477,546    | 1,479,125   | 1,477,546   | 0         | 0           | -5.6%  | 0.0%              |                   |
| Proprietary                             | 537,798      | 565,998     | 955,790     | 967,132      | 956,790     | 967,132     | 0         | 0           | 74.2%  | 0.0%              |                   |
| Total Funds                             | 50,611,410   | 51,310,308  | 31,689,237  | 31,774,402   | 31,516,633  | 31,374,063  | (172,604) | (400,339)   | -38.3% | -0.9%             |                   |
| 5401 Transportation                     |              |             |             |              |             |             |           |             |        |                   |                   |
| General Fund                            | 386,545      | 315,956     | 131,289     | 32,349       | 131,289     | 32,349      | 0         | 0           | -76.7% | 0.0%              |                   |
| State Special                           | 171,732,615  | 290,433,270 | 165,438,291 | 167,562,537  | 165,426,237 | 167,561,861 | (12,054)  | (10,676)    | -28.0% | 0.0%              |                   |
| Federal Revenue                         | 138,152,352  | 143,388,172 | 163,775,112 | 165,228,343  | 163,775,112 | 165,228,343 | 0         | 0           | 16.9%  | 0.0%              |                   |
| Proprietary/Other                       | * 14,133,215 | 14,602,364  | 16,834,232  | 16,279,492   | 16,906,024  | 16,419,987  | 70,792    | 140,495     | 16.0%  | 0.6%              |                   |
| Total Funds                             | 324,404,627  | 448,739,761 | 346,178,924 | 349,102,721  | 346,237,662 | 349,232,540 | 58,738    | 129,819     | -10.0% | 0.0%              |                   |
| 5801 Revenue                            |              |             |             |              |             |             |           |             |        |                   |                   |
| General Fund                            | 40,106,581   | 39,536,578  | 20,814,026  | 20,759,292   | 20,462,367  | 19,206,243  | (351,659) | (1,553,049) | -50.2% | -4.6%             |                   |
| State Special                           | 48,921,753   | 45,307,646  | 662,256     | 679,559      | 990,989     | 1,008,349   | 328,733   | 328,790     | -97.9% | 49.0%             |                   |
| Federal Revenue                         | 290,412      | 346,030     | 199,172     | 197,369      | 199,172     | 197,359     | 0         | 0           | -37.7% | 0.0%              |                   |
| Proprietary/Other                       | * 51,502,368 | 50,332,967  | 975,827     | 961,255      | 987,287     | 984,213     | 11,460    | 22,958      | -98.1% | 1.8%              |                   |
| Total Funds                             | 140,821,115  | 135,523,222 | 22,651,281  | 22,597,465   | 22,639,815  | 21,396,164  | (11,466)  | (1,201,301) | -84.1% | -2.7%             |                   |
| 6101 Administration                     |              |             |             |              |             |             |           |             |        |                   |                   |
| General Fund                            | 21,079,601   | 22,270,812  | 3,936,701   | 3,833,063    | 3,575,489   | 3,200,150   | (361,212) | (632,913)   | -84.4% | -12.8%            |                   |
| State Special                           | 3,592,218    | 2,614,053   | 1,973,681   | 1,972,523    | 2,153,057   | 2,290,510   | 179,376   | 317,987     | -28.4% | 12.6%             |                   |
| Federal Revenue                         | 0            | 0           | 30,301      | 30,667       | 209,594     | 346,200     | 179,293   | 315,533     | NA     | 811.6%            |                   |
| Capital Projects                        | 1,595,926    | 2,029,854   | 58,306      | 58,312       | 58,305      | 58,312      | 0         | 0           | -96.8% | 0.0%              |                   |
| Proprietary/Other                       | * 72,173,884 | 71,811,037  | 41,597,162  | 41,135,626   | 41,612,795  | 41,169,153  | 15,633    | 33,527      | -42.5% | 0.1%              |                   |
| Nonexpend Trust Fund                    | 0            | 0           | 12,067      | 11,749       | 12,067      | 11,749      | 0         | 0           | NA     | 0.0%              |                   |
| Total Funds                             | 98,441,629   | 98,725,756  | 47,608,217  | 47,041,940   | 47,621,307  | 47,076,074  | 13,090    | 34,134      | -52.0% | 0.0%              |                   |
| 6104 Public Employees' Retirement Board |              |             |             |              |             |             |           |             |        |                   |                   |
| Nonexpend Trust                         | 1,240,042    | 1,039,601   | 1,188,386   | 1,125,042    | 1,189,322   | 1,129,626   | 936       | 4,584       | 1.7%   | 0.2%              |                   |
| 6701 Military Affairs                   |              |             |             |              |             |             |           |             |        |                   |                   |
| General Fund                            | 2,458,042    | 2,338,703   | 2,001,038   | 2,015,846    | 1,962,061   | 1,952,408   | (38,977)  | (63,437)    | -18.4% | -2.5%             |                   |
| State Special                           | 11,550       | 22,705      | 47,215      | 44,142       | 47,215      | 44,142      | 0         | 0           | 166.7% | 0.0%              |                   |
| Federal Revenue                         | 3,764,242    | 4,141,415   | 4,698,677   | 4,665,153    | 4,662,162   | 4,617,404   | (36,525)  | (37,749)    | 17.5%  | -0.8%             |                   |
| Total Funds                             | 6,223,833    | 6,502,822   | 6,746,930   | 6,715,140    | 6,671,428   | 6,613,954   | (75,502)  | (101,186)   | 4.4%   | -1.3%             |                   |

\* May include SFCAP authority that has not been allocated to the various funds of the agency.

| <b>AUDIT &amp; EXAMINATION PROGRAM</b> |                              |                             |                   |                              |                             | <b>1101-01</b>    |
|--|------------------------------|-----------------------------|-------------------|------------------------------|-----------------------------|-------------------|
| <b>Budget Item</b>                     | <b>FY94<br/>Appropriated</b> | <b>FY94<br/>Recommended</b> | <b>Difference</b> | <b>FY95<br/>Appropriated</b> | <b>FY95<br/>Recommended</b> | <b>Difference</b> |
| <b>FTE</b>                             | <b>63.50</b>                 | <b>63.50</b>                | <b>0.00</b>       | <b>63.50</b>                 | <b>80.50</b>                | <b>17.00</b>      |
| Personal Services                      | 2,343,032                    | 2,343,032                   | 0                 | 2,378,988                    | 2,910,095                   | 531,107           |
| Operating Expenses                     | 377,131                      | 377,131                     | 0                 | 338,696                      | 542,585                     | 203,889           |
| Equipment                              | 12,475                       | 12,475                      | 0                 | 12,256                       | 21,676                      | 9,420             |
| <b>Total Costs</b>                     | <b>2,732,638</b>             | <b>2,732,638</b>            | <b>0</b>          | <b>2,729,940</b>             | <b>3,474,356</b>            | <b>744,416</b>    |
| General Fund                           | 1,307,400                    | 1,307,400                   | 0                 | 1,306,907                    | 1,306,907                   | 0                 |
| State Special                          | 1,425,238                    | 1,425,238                   | 0                 | 1,423,033                    | 1,423,033                   | 0                 |
| Proprietary                            | 0                            | 0                           | 0                 | 0                            | 744,416                     | 744,416           |
| <b>Total Funding</b>                   | <b>2,732,638</b>             | <b>2,732,638</b>            | <b>0</b>          | <b>2,729,940</b>             | <b>3,474,356</b>            | <b>744,416</b>    |

**ITEM**

- Transfer Local Government Services Audit Functions - Commerce**  
 Effective July 1, 1994, it is recommended that the audit and audit review functions of the Local Government Services program in the Department of Commerce be transferred to the Office of Legislative Auditor. This transfer will consolidate audit and audit review functions in one state agency. Of the 29.00 FTE in the current Department of Commerce program, 17.00 FTE will be transferred, 8.50 FTE will be eliminated, and 3.50 FTE retained by the Department of Commerce. An expected increase in the number of local government audits contracted to private CPA firms will reduce the number of FTE considered necessary to handle the workload. All funding is proprietary; there will be no direct impact on general fund in this agency.

SUPREME COURT OPERATIONS

2110-01

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference       | FY95<br>Appropriated | FY95<br>Recommended | Difference |
|----------------------|----------------------|---------------------|------------------|----------------------|---------------------|------------|
| FTE                  | 27.90                | 27.90               | 0.00             | 27.90                | 27.90               | 0.00       |
| Personal Services    | 1,168,955            | 1,168,955           | 0                | 1,192,545            | 1,192,545           | 0          |
| Operating Expenses   | 322,535              | 322,535             | 0                | 312,430              | 312,430             | 0          |
| Equipment            | 9,913                | 9,913               | 0                | 10,055               | 10,055              | 0          |
| Transfers            | 113,232              | 0                   | (113,232)        | 0                    | 0                   | 0          |
| <b>Total Costs</b>   | <b>1,614,635</b>     | <b>1,501,403</b>    | <b>(113,232)</b> | <b>1,515,030</b>     | <b>1,515,030</b>    | <b>0</b>   |
| General Fund         | 1,614,635            | 1,501,403           | (113,232)        | 1,515,030            | 1,515,030           | 0          |
| <b>Total Funding</b> | <b>1,614,635</b>     | <b>1,501,403</b>    | <b>(113,232)</b> | <b>1,515,030</b>     | <b>1,515,030</b>    | <b>0</b>   |

ITEM

FY94

FY95

- **Delay New Pilot Project for Local Citizen Review Board** (113,232) 0  
HB2 contains a biennial appropriation for distribution to the youth court of the judicial district designated pursuant to SB271 to fund a pilot project for a local citizen review board for foster care placements. This has not been implemented and, as a pilot project, reasonably could be delayed.

\* The personal services amounts shown in the table above include salaries and benefits for the Supreme Court justices. Article VII, Section 7(1) of the Constitution of the State of Montana provides that "all justices and judges shall be paid as provided by law, but salaries shall not be diminished during terms of office." The Judiciary has no ability to allocate general fund reductions to these salaries and benefits. The biennial general fund total attributable to the Supreme Court justices and district court judges (District Court Operations program) is \$6,629,913 (\$3,309,677 in FY94 and \$3,320,236 in FY95).

## OFFICE OF BDGET &amp; PGM PLANNING

3101-04

| Budget Item        | FY94<br>Appropriated | FY94<br>Recommended | Difference | FY95<br>Appropriated | FY95<br>Recommended | Difference |
|--------------------|----------------------|---------------------|------------|----------------------|---------------------|------------|
| FTE                | 16.25                | 16.25               | 0.00       | 16.25                | 16.25               | 0.00       |
| Personal Services  | 641,603              | 641,603             | 0          | 650,989              | 650,989             | 0          |
| Operating Expenses | 124,931              | 124,931             | 0          | 129,874              | 129,874             | 0          |
| Equipment          | 30,346               | 30,346              | 0          | 5,221                | 5,221               | 0          |
| Total Costs        | 796,880              | 796,880             | 0          | 786,084              | 786,084             | 0          |
| General Fund       | 796,880              | 680,611             | (116,269)  | 786,084              | 581,104             | (204,980)  |
| State Special      | 0                    | 116,269             | 116,269    | 0                    | 204,980             | 204,980    |
| Total Funding      | 796,880              | 796,880             | 0          | 786,084              | 786,084             | 0          |

## ITEM

FY94

FY95

- Increased Recovery of General Fund Costs for Statewide Services** (116,269) (204,980)  
 The executive budget proposes implementation of a State Funds Cost Recovery Plan (SFCAP) to recover the costs of core governmental "infrastructure" services from nongeneral fund sources which currently do not fully or directly contribute for these costs. A portion of the current general fund support for the Office of Budget and Program Planning would be replaced with funding from SFCAP contributions. For further discussion, see the section under the Accounting and Management Services Division in the Department of Administration.

## Secretary of State's Office

## BUSINESS &amp; GOVERNMENT SERVICES

3201-01

| Budget Item        | FY94<br>Appropriated | FY94<br>Recommended | Difference | FY95<br>Appropriated | FY95<br>Recommended | Difference |
|--------------------|----------------------|---------------------|------------|----------------------|---------------------|------------|
| FTE                | 22.25                | 22.25               | 0.00       | 22.25                | 22.25               | 0.00       |
| Personal Services  | 554,554              | 554,554             | 0          | 565,208              | 565,208             | 0          |
| Operating Expenses | 476,566              | 465,866             | (10,700)   | 411,660              | 411,660             | 0          |
| Equipment          | 68,427               | 65,927              | (2,500)    | 7,057                | 7,057               | 0          |
| Local Assistance   | 0                    | 0                   | 0          | 0                    | 0                   | 0          |
| Total Costs        | 1,099,547            | 1,086,347           | (13,200)   | 983,925              | 983,925             | 0          |
| General Fund       | 54,148               | 40,948              | (13,200)   | 68,584               | 68,584              | 0          |
| Proprietary Fund   | 1,045,399            | 1,045,399           | 0          | 915,341              | 915,341             | 0          |
| Total Funding      | 1,099,547            | 1,086,347           | (13,200)   | 983,925              | 983,925             | 0          |

## ITEM

FY94

FY95

- Delete General Fund Portion of Fireproof Storage**  
 Of the \$50,000 approved modification for the acquisition of fireproof document storage cabinets, \$2,500 is general fund and will not be needed. The agency has determined that the purchase price will be less than the original quoted figures.
 

(2,500)      0
- Operating Reductions in Elections Bureau**  
 A change in the statutory requirement for an annual training workshop with county election administrators to one workshop every two years will save \$5,000 in FY94 and every other year thereafter. Switching from a bound booklet containing the election laws found in Title 13, MCA, to a photocopy form will save an additional \$5,700. This will allow the transmission of election laws to county election administrators to be accomplished at a lower cost.
 

(10,700)      0

---



---

**State Auditor's Office**


---

**CENTRAL MANAGEMENT****3401-01**

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference  | FY95<br>Appropriated | FY95<br>Recommended | Difference      |
|----------------------|----------------------|---------------------|-------------|----------------------|---------------------|-----------------|
| <b>FTE</b>           | <b>9.00</b>          | <b>9.00</b>         | <b>0.00</b> | <b>9.00</b>          | <b>9.00</b>         | <b>0.00</b>     |
| Personal Services    | 296,783              | 296,783             | 0           | 300,995              | 283,495             | (17,500)        |
| Operating Expenses   | 38,079               | 38,079              | 0           | 35,669               | 35,669              | 0               |
| Equipment            | 330                  | 330                 | 0           | 0                    | 0                   | 0               |
| <b>Total Costs</b>   | <b>335,192</b>       | <b>335,192</b>      | <b>0</b>    | <b>336,664</b>       | <b>319,164</b>      | <b>(17,500)</b> |
| General Fund         | 314,790              | 314,790             | 0           | 316,246              | 298,746             | (17,500)        |
| State Special        | 13,467               | 13,467              | 0           | 13,473               | 13,473              | 0               |
| Proprietary Fund     | 6,935                | 6,935               | 0           | 6,945                | 6,945               | 0               |
| <b>Total Funding</b> | <b>335,192</b>       | <b>335,192</b>      | <b>0</b>    | <b>336,664</b>       | <b>319,164</b>      | <b>(17,500)</b> |

## ITEM

FY94

FY95

- Automate Electronic Filing for Insurance Agent Renewals**  
 Automation of the annual insurance agent renewal process will save \$17,500 general fund in FY95 in personal services expenses currently required for processing renewal payments and related mail. No reduction in FTE is recommended because a vacant FTE was eliminated during the regular session. However, personal services funding, which was reestablished by the Senate, would not be needed.
 

0      (17,500)

# INSURANCE

3401-03

| Budget Item        | FY94<br>Appropriated | FY94<br>Recommended | Difference | FY95<br>Appropriated | FY95<br>Recommended | Difference |
|--------------------|----------------------|---------------------|------------|----------------------|---------------------|------------|
| FTE                | 38.75                | 38.75               | 0.00       | 39.00                | 39.00               | 0.00       |
| Personal Services  | 1,207,488            | 1,207,488           | 0          | 1,229,927            | 1,229,927           | 0          |
| Operating Expenses | 369,122              | 369,122             | 0          | 288,830              | 281,330             | (7,500)    |
| Equipment          | 28,868               | 28,868              | 0          | 0                    | 0                   | 0          |
| Total Costs        | 1,605,478            | 1,605,478           | 0          | 1,518,757            | 1,511,257           | (7,500)    |
| General Fund       | 1,070,304            | 1,070,304           | 0          | 1,071,849            | 1,064,349           | (7,500)    |
| State Special      | 535,174              | 535,174             | 0          | 446,908              | 446,908             | 0          |
| Total Funding      | 1,605,478            | 1,605,478           | 0          | 1,518,757            | 1,511,257           | (7,500)    |

## ITEM

FY94

FY95

- Automate Electronic Filing for Insurance Agent Renewals**

Automation of the annual insurance agent renewal process will save postage and associated operating costs in FY95. In addition, an increase in fees from \$10 to \$15 per year is recommended for those agents who continue to utilize the more-costly paper renewal system. This will result in increased revenue deposited to the general fund of \$23,000 per year beginning in FY95. Legislation is required to implement these changes.

0

(7,500)

# FISCAL CONTROL AND MANAGEMENT

3401-10

| Budget Item        | FY94<br>Appropriated | FY94<br>Recommended | Difference | FY95<br>Appropriated | FY95<br>Recommended | Difference |
|--------------------|----------------------|---------------------|------------|----------------------|---------------------|------------|
| FTE                | 14.00                | 14.00               | 0.00       | 14.00                | 14.00               | 0.00       |
| Personal Services  | 348,142              | 348,142             | 0          | 348,767              | 348,767             | 0          |
| Operating Expenses | 589,562              | 580,972             | (8,590)    | 575,116              | 539,731             | (35,385)   |
| Equipment          | 450                  | 450                 | 0          | 16,471               | 16,471              | 0          |
| Total Costs        | 938,154              | 929,564             | (8,590)    | 940,354              | 904,969             | (35,385)   |
| General Fund       | 220,230              | 217,730             | (2,500)    | 215,298              | 204,498             | (10,800)   |
| State Special      | 528,920              | 522,830             | (6,090)    | 534,567              | 509,982             | (24,585)   |
| Proprietary Fund   | 189,004              | 189,004             | 0          | 190,489              | 190,489             | 0          |
| Total Funding      | 938,154              | 929,564             | (8,590)    | 940,354              | 904,969             | (35,385)   |

## ITEM

FY94

FY95

- Eliminate State Refunds of \$5 or Less/Increase Payee ID No. Data**

Issuing state warrants of \$5 or less is not cost effective. The state refund policy is recommended to be revised to eliminate small refund warrant processing. State agency fee structures are being reviewed for possible restructuring to avoid the creation of small refunds. The general fund operating savings in the State Auditor's Office from the reduction in the number of warrants processed will be minimal. There also will be associated time and efficiency savings throughout other state agencies.

0

(1,000)

Bad debt collection efforts in the State Auditor's Office depend upon the input of payee identification numbers into payee files.

To the extent that pertinent information is available from applications, licenses, and other sources, increased cooperation among state agencies as to the input of social security and driver license numbers into payee files will enable increases in the number of refund warrants captured for those owing debts to the state. The potential increase in general fund revenue is projected to be \$50,000 in FY94 and \$100,000 in FY95.

- **Require Conversion of Payroll/Retirement Warrants to Electronic Transfers**

Legislation will be introduced to complete the full conversion of payroll (except for temporary and seasonal employees) and retirement payments from paper warrants to electronic depository fund transfers (EDF). The State of Colorado has maintained such a requirement for over twenty years. The operating expense savings is based upon full cost estimates for warrant processing and mailing in the State Auditor's Office although other state agencies will share in the state special revenue reductions through lower warrant writing fees. There will also be operating savings in other state agencies. For example, the Teachers Retirement System (TRS) and the Public Employees Retirement Division (PERD) mail their own warrants and will enjoy immediate postage expense reductions. The warrant writing program is funded by a combination of general fund and state special revenue fees recovered from agencies generating nongeneral fund warrants. The state special revenue savings are \$6,090 in FY94 (70.9%) and \$24,585 in FY95 (71.5%).

**(2,500)**

**(9,800)**
  
- **Apply Bad Debt Collection Procedures to Delinquent Property Taxes**

Bad debt collection is currently available to state agencies and the Internal Revenue Service under a trial agreement. If the bad debt collection procedures were applied to delinquent property taxes, additional revenue could be collected. Approximately 40 percent of property tax revenues offset general fund expenditures through the school equalization account and the six-mill university levy. Legislation is required to authorize counties to utilize the bad debt procedure. The potential increase in general fund revenue is projected to be \$100,000 per year beginning in FY95.

**JUSTICE SYSTEM SUPPORT SERVICE**

**4107-01**

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference  | FY95<br>Appropriated | FY95<br>Recommended | Difference  |
|----------------------|----------------------|---------------------|-------------|----------------------|---------------------|-------------|
| <b>FTE</b>           | <b>19.00</b>         | <b>19.00</b>        | <b>0.00</b> | <b>19.00</b>         | <b>19.00</b>        | <b>0.00</b> |
| Personal Services    | 606,139              | 606,139             | 0           | 616,697              | 616,697             | 0           |
| Operating Expenses   | 199,679              | 199,679             | 0           | 201,161              | 201,161             | 0           |
| Equipment            | 9,448                | 9,448               | 0           | 10,587               | 10,587              | 0           |
| Grants               | 3,479,974            | 3,479,974           | 0           | 3,479,974            | 3,479,974           | 0           |
| Benefits and Claims  | 590,000              | 590,000             | 0           | 590,000              | 590,000             | 0           |
| <b>Total Costs</b>   | <b>4,885,240</b>     | <b>4,885,240</b>    | <b>0</b>    | <b>4,898,419</b>     | <b>4,898,419</b>    | <b>0</b>    |
| General Fund         | 461,392              | 458,392             | (3,000)     | 471,082              | 468,082             | (3,000)     |
| State Special        | 623,918              | 623,918             | 0           | 625,680              | 625,680             | 0           |
| Federal Special      | 3,799,930            | 3,802,930           | 3,000       | 3,801,657            | 3,804,657           | 3,000       |
| <b>Total Funding</b> | <b>4,885,240</b>     | <b>4,885,240</b>    | <b>0</b>    | <b>4,898,419</b>     | <b>4,898,419</b>    | <b>0</b>    |

**ITEM**

**FY94**

**FY95**

• **Negotiate Additional Federal Grant Administration Funds**

**(3,000)**

**(3,000)**

The agency is exploring ways to increase federal match funds for grant administration. It is estimated that the increase will be \$3,000 per year which will be used to offset general fund appropriated for required administrative functions.

• **Transfer Excess Balance from State Special Revenue Account**

It is recommended that \$250,000 be transferred to the general fund in FY94 from the crime victims benefits account. This will not affect payments to claimants and will avoid a buildup of funds in this state special revenue account. Further, legislation will be proposed to cap the account balance at \$500,000 with any future excess automatically deposited to the general fund. Increased awareness of the program benefits may increase the number of claims and future expenditures. Implementation of a cap will merely avoid the creation of a balance above the amount necessary to make payments to victims of crime on a timely basis. The \$250,000 transfer is shown in the general fund balance sheet rather than in the program table above.



## HIGHWAY TRAFFIC SAFETY DIV

4108-36

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference       | FY95<br>Appropriated | FY95<br>Recommended | Difference       |
|----------------------|----------------------|---------------------|------------------|----------------------|---------------------|------------------|
| <b>FTE</b>           | <b>8.50</b>          | <b>8.50</b>         | <b>0.00</b>      | <b>8.50</b>          | <b>8.50</b>         | <b>0.00</b>      |
| Personal Services    | 300,624              | 300,624             | 0                | 304,422              | 304,422             | 0                |
| Operating Expenses   | 181,746              | 181,746             | 0                | 182,600              | 182,600             | 0                |
| Equipment            | 10,166               | 10,166              | 0                | 7,730                | 7,730               | 0                |
| Local Assistance     | 480,701              | 180,701             | (300,000)        | 482,172              | 182,172             | (300,000)        |
| Grants               | 900,000              | 900,000             | 0                | 900,000              | 900,000             | 0                |
| <b>Total Costs</b>   | <b>1,873,237</b>     | <b>1,573,237</b>    | <b>(300,000)</b> | <b>1,876,924</b>     | <b>1,576,924</b>    | <b>(300,000)</b> |
| <br>General Fund     | <br>180,701          | <br>180,701         | <br>0            | <br>180,696          | <br>180,696         | <br>0            |
| State Special        | 382,546              | 82,546              | (300,000)        | 384,760              | 84,760              | (300,000)        |
| Federal Special      | 1,309,990            | 1,309,990           | 0                | 1,311,468            | 1,311,468           | 0                |
| <b>Total Funding</b> | <b>1,873,237</b>     | <b>1,573,237</b>    | <b>(300,000)</b> | <b>1,876,924</b>     | <b>1,576,924</b>    | <b>(300,000)</b> |

### ITEM

FY94

FY95

- Second \$50 DUI Driver Reinstatement Fee to General Fund**  
 Special Session I action, in January, 1992, authorized deposit of the second \$50 of each \$100 driver license reinstatement fee to the general fund for the 1993 biennium. Effective for FY94, 61-2-107(2)(b), MCA, requires deposit of these fees in a state special revenue account "to be distributed to county treasurers" who "shall distribute the money to each incorporated city or town in the county" who "shall distribute the money to state and local government entities, and private entities working with state and local government entities." This required multiple pass-through of an estimated \$300,000 each year of the 1995 biennium can ultimately be used for a variety of youth and adult services, law enforcement equipment, etc, which are not all closely related to traffic safety, driver improvement services or alcohol/chemical dependency treatment and prevention. No distributions will be made until the end of FY94 so the full \$600,000 would be deposited to the general fund in the biennium. Since the provisions never have been implemented, this would not be a reduction to cities and towns.

MOTOR VEHICLE DIVISION

4110-12

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference       | FY95<br>Appropriated | FY95<br>Recommended | Difference       |
|----------------------|----------------------|---------------------|------------------|----------------------|---------------------|------------------|
| FTE                  | 166.25               | 160.25              | (6.00)           | 165.25               | 153.50              | (11.75)          |
| Personal Services    | 3,924,899            | 3,818,579           | (106,320)        | 3,990,418            | 3,723,214           | (267,204)        |
| Operating Expenses   | 2,156,597            | 2,158,517           | 1,920            | 2,461,951            | 2,513,355           | 51,404           |
| Equipment            | 101,009              | 101,009             | 0                | 101,074              | 101,074             | 0                |
| Debt Service         | 161,688              | 161,688             | 0                | 189,188              | 189,188             | 0                |
| <b>Total Costs</b>   | <b>6,344,193</b>     | <b>6,239,793</b>    | <b>(104,400)</b> | <b>6,742,631</b>     | <b>6,526,831</b>    | <b>(215,800)</b> |
| General Fund         | 5,199,999            | 5,095,599           | (104,400)        | 2,445,742            | 2,229,942           | (215,800)        |
| State Special        | 1,129,694            | 1,129,694           | 0                | 4,284,389            | 4,284,389           | 0                |
| Federal Special      | 14,500               | 14,500              | 0                | 12,500               | 12,500              | 0                |
| <b>Total Funding</b> | <b>6,344,193</b>     | <b>6,239,793</b>    | <b>(104,400)</b> | <b>6,742,631</b>     | <b>6,526,831</b>    | <b>(215,800)</b> |

| ITEM   | FY94      | FY95      |
|--|-----------|-----------|
| • <b>Withdraw Driver Service Stations from 37 Counties</b> | (100,000) | (207,000) |

The general fund savings is obtained from reductions in FTE, travel, and per diem expenses necessary to provide part-time driver license services throughout the state. It is more cost-effective to provide driver services on a daily basis at express stations in larger population centers than to provide periodic service in rural areas.

This recommendation, while still causing inconvenience for Montana drivers, will provide the greatest level of service possible while achieving significant budget reductions. The 19 counties and 20 locations will continue service to approximately 85 percent of the driver population and were chosen primarily on that basis. Consideration, wherever possible, is given to the travel distances required for those communities no longer receiving service. The addition of digitized drivers licenses, implementation of pilot projects to incorporate driver examinations into the driver education curriculum, and other innovations by the department during the 1995 biennium will ultimately improve services and mitigate many of the impacts of this consolidation.

In addition, consideration is being given to contracting with local entities to retain basic renewal and examination services in impacted areas. These entities may include local sheriff's offices, non-profit agencies, private vendors, and other public-private partnership arrangements. It is estimated that contracting for services in certain areas, in combination with the restructuring described above, will result in a net savings of \$100,000 in FY94 and \$207,000 in FY95.

|  |         |         |
|--|---------|---------|
| • <b>Postage Expense Reduction</b>   | (4,400) | (8,800) |
| Adoption of the Department of Corrections and Human Services' single license plate recommendation will yield postage savings in the Motor Vehicle Division. Most of the savings is attributable to individual mailings of personalized plates. |         |         |

**CENTRAL SERVICES DIVISION**

**4110-28**

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference      |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|-----------------|
| <b>FTE</b>           | <b>10.00</b>         | <b>9.50</b>         | <b>(0.50)</b>   | <b>10.00</b>         | <b>9.00</b>         | <b>(1.00)</b>   |
| Personal Services    | 334,008              | 317,242             | (16,766)        | 344,159              | 310,111             | (34,048)        |
| Operating Expenses   | 168,022              | 163,075             | (4,947)         | 145,091              | 135,234             | (9,857)         |
| Equipment            | 4,033                | 4,033               | 0               | 5,522                | 5,522               | 0               |
| <b>Total Costs</b>   | <b>506,063</b>       | <b>484,350</b>      | <b>(21,713)</b> | <b>494,772</b>       | <b>450,867</b>      | <b>(43,905)</b> |
| General Fund         | 242,984              | 221,271             | (21,713)        | 218,442              | 174,537             | (43,905)        |
| State Special        | 253,267              | 253,267             | 0               | 266,806              | 266,806             | 0               |
| Federal Special      | 0                    | 0                   | 0               | 0                    | 0                   | 0               |
| Proprietary Fund     | 9,812                | 9,812               | 0               | 9,524                | 9,524               | 0               |
| <b>Total Funding</b> | <b>506,063</b>       | <b>484,350</b>      | <b>(21,713)</b> | <b>494,772</b>       | <b>450,867</b>      | <b>(43,905)</b> |

**ITEM**

**FY94**

**FY95**

- Delete General Fund Support for Drug Prevention Coordinator** (21,713) (43,905)

The 1.00 FTE drug prevention education coordinator was funded with a federal special revenue grant until FY94 when the federal funding terminated. The position was added back as a budget modification with 100 percent general fund support through legislative action.

**Department of Revenue**

**LIQUOR DIVISION**

**5801-05**

**ITEM**

- State Liquor Retail Operations**

Unlike recent proposals, which would have converted state-operated liquor stores to agencies, this proposal would divest the state of liquor retail operations based on the view that the state has no compelling interest in operating retail distribution. Furthermore, divestiture of retail operations reduces state costs while promoting private enterprise. Liquor would be retailed by the existing all-beverage licensees (approximately 1,500) taking delivery of inventory directly from the state warehouse. This proposal would affect an estimated 75 store employees and 81 contract agents. The administration will proceed immediately to work with the affected individuals in developing a satisfactory arrangement. A new statewide wholesale price structure would be established which would be an average 5 percent lower than the current retail price at state stores. Turnover of the state's existing retail liquor inventory would generate approximately \$5 million for the liquor enterprise fund by the end of FY95. Termination costs, estimated at approximately \$1.5 million, would offset this one-time savings, resulting in estimated net proceeds of approximately \$3.5 million by mid FY95. Operating costs of the liquor division would decrease by approximately \$2.6 million and a net reduction of 47.50 FTE and liquor profits deposited to the general fund would increase by approximately \$800,000 per year

once the proposal is fully implemented, beginning in November of FY95. There would be no change in current liquor tax and license revenue. The table below compares the relevant budget and revenue factors of the current retail operation, based on FY92 actuals, to the proposed wholesale model, on a fully implemented basis.

|                        | Current Retail<br>(FY92 Actual) | Wholesale Model<br>(Fully Implemented) | Difference         |
|------------------------|---------------------------------|--|--------------------|
| FTE                    | 100.00                          | 52.50                                  | -47.50             |
| Product & Freight      | 27,189,047                      | 28,167,100                             | 978,063            |
| Operations             | 5,517,894                       | 1,895,451                              | (3,622,443)        |
| Total Costs            | <b>32,706,941</b>               | <b>30,062,551</b>                      | <b>(2,644,390)</b> |
| Gross Sales            | 48,528,043                      | 46,060,906                             | (2,467,137)        |
| Discounts              | (622,747)                       | NA                                     | 622,747            |
| Tax Revenues Transfers | (9,946,010)                     | (9,946,010)                            | 0                  |
| Transfer to Other Ops  | (1,186,298)                     | (1,186,298)                            | 0                  |
| Net Sales              | <b>36,772,988</b>               | <b>34,928,598</b>                      | <b>(1,844,390)</b> |
| Profits                | 4,066,047                       | 4,866,047                              | 800,000            |

### CORPORATION TAX

**5801-07**

| Budget Item        | FY94<br>Appropriated | FY94<br>Recommended | Difference | FY95<br>Appropriated | FY95<br>Recommended | Difference |
|--------------------|----------------------|---------------------|------------|----------------------|---------------------|------------|
| FTE                | 35.18                | 35.18               | 0.00       | 35.18                | 35.18               | 0.00       |
| Personal Services  | 1,110,318            | 1,110,318           | 0          | 1,129,411            | 1,129,411           | 0          |
| Operating Expenses | 416,036              | 416,036             | 0          | 420,630              | 420,630             | 0          |
| Equipment          | 12,124               | 12,124              | 0          | 10,667               | 10,667              | 0          |
| Total Costs        | <b>1,538,478</b>     | <b>1,538,478</b>    | <b>0</b>   | <b>1,560,708</b>     | <b>1,560,708</b>    | <b>0</b>   |
| General Fund       | 1,284,334            | 953,334             | (331,000)  | 1,301,871            | 970,871             | (331,000)  |
| State Special      | 60,388               | 391,388             | 331,000    | 61,478               | 392,478             | 331,000    |
| Federal Special    | 193,756              | 193,756             | 0          | 197,359              | 197,359             | 0          |
| Total Funding      | <b>1,538,478</b>     | <b>1,538,478</b>    | <b>0</b>   | <b>1,560,708</b>     | <b>1,560,708</b>    | <b>0</b>   |

| ITEM  | FY94      | FY95      |
|---|-----------|-----------|
| • Recover Natural Resource and Corporate Tax Division Costs | (331,000) | (331,000) |

Most of the collection and audit costs of the Natural Resources and Corporate Tax Division are supported by the general fund despite the fact that much of the program's functions benefit nongeneral fund purposes. The budget principle adopted for the income and miscellaneous tax program during the last several legislative sessions is that every revenue source should bear its fair share of administrative costs. This same principle would be applied to the natural resource tax program.

The Corporate Tax Bureau and Natural Resource Bureau each will allocate a portion of its general fund costs to the nongeneral fund revenues for which they collect and/or audit based on the proportionate level of effort determined for each revenue source.

For purposes of this allocation, collection and audit costs allocable to the school equalization and long-range building accounts are considered as general fund costs. The amount of administrative costs allocated to nongeneral fund revenues as a percent of total revenues will generally be between 0.5 to 1 percent. Because a portion of the proposed cost recovery will marginally reduce amounts remitted by the counties to the state for state mills, the general fund savings would be offset by approximately \$99,000 per year, beginning in FY 1995.

# PROPERTY VALUATION

5801-08

| Budget Item        | FY94         | FY94        | Difference | FY95         | FY95        | Difference  |
|--------------------|--------------|-------------|------------|--------------|-------------|-------------|
|                    | Appropriated | Recommended |            | Appropriated | Recommended |             |
| FTE                | 407.56       | 407.56      | 0.00       | 398.06       | 353.06      | (45.00)     |
| Personal Services  | 10,610,859   | 10,610,859  | 0          | 10,573,610   | 9,373,610   | (1,200,000) |
| Operating Expenses | 1,850,077    | 1,850,077   | 0          | 1,864,956    | 1,864,956   | 0           |
| Equipment          | 165,475      | 165,475     | 0          | 165,270      | 165,270     | 0           |
| Debt Service       | 269,741      | 269,741     | 0          | 269,741      | 269,741     | 0           |
| Total Costs        | 12,896,152   | 12,896,152  | 0          | 12,873,577   | 11,673,577  | (1,200,000) |
| General Fund       | 12,896,152   | 12,896,152  | 0          | 12,873,577   | 11,673,577  | (1,200,000) |
| Total Funding      | 12,896,152   | 12,896,152  | 0          | 12,873,577   | 11,673,577  | (1,200,000) |

## ITEM

FY94

FY95

### • Streamline Property Valuation Division

0 (1,200,000)

The Property Valuation Division is being restructured to reduce the division's supervisory layers and place greater responsibility in the field offices. This restructuring will be accomplished through the consolidation and regionalization of appraisal and assessment functions creating a unified structure. Restructuring will save \$1.2 million in personal services expenditures annually beginning in FY95. Changes in law are needed to accomplish restructuring and implement workload changes to allow for staff reductions. Workload determinations are estimates based on averages and will be used as a guide to determine staffing levels. Based on estimated workload determinations, it is expected that the division's FTE level will be reduced by approximately 45.00 FTE.

**ITEM**

- **Consolidate State Mail and Printing Services**

A number of Helena-based agencies operate in-house mail and duplicating facilities. In many instances, use of Department of Administration (DoA) services may provide significant savings for agencies. In addition, the greater volume of mail and printing would allow DoA to achieve greater economies of scale in its current operations, allowing rates for all state agencies to be reduced or restrain future increases. Agencies generally have concerns regarding timeliness, confidentiality, and quality of service. The DoA believes that it can, in most instances, provide a level of service which meets or exceeds agency needs.

In 1989, the Office of the Legislative Auditor conducted a limited scope performance audit which addressed the feasibility of consolidating department print shops with the DoA's printing operation and concluded that there did not appear to be an economic benefit to consolidation of duplicating services. Although the OLA report was based on the best available information, in several instances, accurate data was not available. After nearly five years, this study should be updated. To compare agency costs to DoA rates, an updated cost review should: 1) take into consideration product features such as paper stock, bindery, and value-added services; 2) use a uniform method of calculating capital and inventory costs; 3) compare agency costs to rates DoA would bid for the additional volume; and 4) consider strategic issues, such as advances in technology.

The executive budget recommends appropriations bill language directing agencies which operate in-house facilities to review the cost effectiveness of their operations, along with other relevant considerations, in consultation with the DoA which will develop guidelines for agencies so that the analysis of costs among agencies will be comparable. The following agencies operate in-house mail facilities: Department of Social and Rehabilitative Services, the State Library, and the State Compensation Insurance Fund. The following agencies operate in-house duplicating facilities: Department of Justice, Department of Labor and Industry, Department of Transportation, and Department of Fish, Wildlife and Parks.

The proposed language for each affected agency reads as follows: "The [agency name] shall, in consultation with the department of administration, review the cost-effectiveness, along with other relevant considerations, of operating its in-house [duplicating or mail] facilities compared to department of administration services. The [agency name] shall report its conclusions, along with department of administration comments, to the office of budget and program planning and the office of the legislative fiscal analyst by June 1, 1994 and to the respective appropriations subcommittee of the 1995 legislature."

# ACCOUNTING PROGRAM

6101-03

| Budget Item          | FY94             | FY94             | Difference    | FY95             | FY95             | Difference    |
|----------------------|------------------|------------------|---------------|------------------|------------------|---------------|
|                      | Appropriated     | Recommended      |               | Appropriated     | Recommended      |               |
| <b>FTE</b>           | <b>21.83</b>     | <b>22.08</b>     | <b>0.25</b>   | <b>21.83</b>     | <b>22.33</b>     | <b>0.50</b>   |
| Personal Services    | 694,290          | 703,208          | 8,918         | 706,794          | 724,986          | 18,192        |
| Operating Expenses   | 358,968          | 359,468          | 500           | 308,506          | 309,006          | 500           |
| Equipment            | 4,297            | 5,797            | 1,500         | 2,801            | 2,801            | 0             |
| Local Assistance     | 0                | 0                | 0             | 0                | 0                | 0             |
| Transfers            | 0                | 0                | 0             | 0                | 0                | 0             |
| <b>Total Costs</b>   | <b>1,057,555</b> | <b>1,068,473</b> | <b>10,918</b> | <b>1,018,101</b> | <b>1,036,793</b> | <b>18,692</b> |
| General Fund         | 961,776          | 793,401          | (168,375)     | 921,159          | 624,318          | (296,841)     |
| Federal Special      | 30,301           | 209,594          | 179,293       | 30,667           | 346,200          | 315,533       |
| Proprietary Fund     | 65,478           | 65,478           | 0             | 66,275           | 66,275           | 0             |
| <b>Total Funding</b> | <b>1,057,555</b> | <b>1,068,473</b> | <b>10,918</b> | <b>1,018,101</b> | <b>1,036,793</b> | <b>18,692</b> |

## ITEM

- Increased Recovery of General Fund Costs for Statewide Services**

|  |                  |                  |
|--|------------------|------------------|
|  | <b>FY94</b>      | <b>FY95</b>      |
|  | <b>(168,375)</b> | <b>(296,841)</b> |

A portion of the indirect costs of certain statewide central services, such as accounting, personnel and budgeting are recovered from some federally-funded programs through the statewide cost allocation plan (SWCAP) by agreement with the federal government. The SWCAP, developed by the DoA, allocates indirect costs to each agency in state government. Agencies then are required to negotiate with their cognizant federal agencies for recovery of an appropriate share of these costs, to the extent that federal law allows participation in state indirect charges. The proceeds are deposited to the general fund. In FY92, SWCAP collections for the general fund were approximately \$425,000, about 15 percent of total allocated indirect costs. Federal funds comprised about 25 percent of total state expenditures in FY92.

While the DoA is responsible for calculating SWCAP allocations, the responsibility for negotiating and collecting an appropriate share from federal sources is decentralized. Although required by statute and subject to audit, agencies lack strong incentives to aggressively negotiate for recovery of indirect costs because, in many instances, doing so reduces the total amount of federal funds available for program purposes.

In the 1995 biennium, DoA planned to implement a limited recovery of indirect costs from state special revenue (SSR) accounts which retain interest earnings, up to the amount of interest actually generated. Approximately \$200,000 is estimated to be collected from these SSR accounts each year. Although DoA will implement this limited recovery, the additional cost recovery is projected to be marginal. Nearly 40 percent of the state budget as appropriated in the general appropriations act for the 1995 biennium does not participate or has limited participation in state indirect costs. The limited participation of SSR funds has been heretofore rationalized by the fact that many SSR accounts do not retain interest earnings. It is proposed that participation in state indirect costs be divorced from retention of interest earnings because the level of interest earnings bears no equitable relationship to the indirect costs that would otherwise be allocated. Whether earmarked funds retain interest should be

determined by the legislature based on the nature and purpose of the accounts.

The executive budget recommendation is twofold: First, all recoveries of indirect costs would be deposited to a state special revenue account managed by DoA from which statewide central services would be budgeted. This structure creates an entity responsible for collecting indirect costs with relatively strong incentives for oversight in maximizing federal cost recoveries. It also would illuminate for the legislature and public, and therefore hold DoA accountable, in the budget process the extent to which costs are being recovered. Second, expanding the scope of indirect cost recovery would significantly reduce general fund expenditures for core "infrastructure" services for which nongeneral fund sources do not currently contribute.

The current SWCAP mechanism, recovering costs from federal sources, would continue to operate as it does now. Cost recovery from nongeneral fund/nonfederal fund sources would be accomplished with a second mechanism, a State Funds Cost Allocation Plan (SFCAP). In the 1995 biennium, SFCAP and SWCAP recoveries would reduce general fund expenditures by \$465,215 in the Accounting and Management Services Division, by \$502,386 in the Personnel Division, and by \$321,249 in the Office of Budget and Program Planning. In addition, the Accounting Division would be budgeted for 0.50 FTE for implementation of the SFCAP and oversight of SWCAP recoveries. The cost of the 0.50 FTE would be recovered 50% from the SFCAP assessments and 50% from SWCAP collections.

Programs required to contribute would be budgeted for the SFCAP assessments. The table below shows the amounts to be budgeted for contributing agencies. The affected agencies will indicate to their respective appropriations subcommittee how these amounts are to be incorporated in their agency budgets. The allocations for FY94 are for the second half of the fiscal year. Because this would be a new program, DoA will be distribute an information package to each agency prior to the special session and meet with agencies to discuss details of the plan.



# SFCAP Budgeted Assessments

| <u>Agv#</u> | <u>Agency Name</u>       | <u>FY94</u>  | <u>FY95</u>  |
|-------------|--------------------------|--------------|--------------|
| 1101        | Legislative Auditor      | 1,246        | 2,475        |
| 1104        | Legislative Council      | 244          | 482          |
| 1112        | Consumer Council         | 234          | 463          |
| 2110        | Judiciary                | 760          | 1,512        |
| 3201        | Secretary of State       | 598          | 1,192        |
| 3401        | State Auditor's Office   | 453          | 902          |
| 3501        | Supt. of Pub Instruct    | 1,281        | 2,547        |
| 3511        | Billings voTech          | 399          | 795          |
| 3512        | Butte VoTech             | 141          | 282          |
| 3513        | Great Falls VoTech       | 375          | 745          |
| 3514        | Helena VoTech            | 204          | 406          |
| 3515        | Missoula VoTech          | 508          | 1,011        |
| 4107        | Crime Control            | 273          | 543          |
| 4110        | Justice                  | 13,310       | 26,452       |
| 5101        | Bd of Pub Ed             | 103          | 205          |
| 5102        | Comm of Higher Ed        | 1,547        | 3,034        |
| 5103        | University of Montana    | 26,785       | 53,419       |
| 5104        | Montana State University | 13,239       | 26,327       |
| 5105        | Montana Tech             | 1,003        | 1,998        |
| 5106        | Eastern Montana College  | 4,066        | 8,089        |
| 5107        | Northern Montana College | 1,709        | 3,395        |
| 5108        | Western Montana College  | 1,159        | 2,304        |
| 5109        | Ag Exper Station         | 304          | 602          |
| 5110        | Coop Ext Service         | 599          | 1,186        |
| 5114        | Montana Arts Council     | 330          | 658          |
| 5115        | Library Commission       | 390          | 776          |
| 5117        | Historical Society       | 883          | 1,762        |
| 5201        | Fish, Wildlife & Parks   | 28,740       | 57,267       |
| 5301        | Health                   | 9,803        | 19,473       |
| 5401        | Transportation           | 70,853       | 140,606      |
| 5501        | State Lands              | 6,172        | 12,286       |
| 5603        | Livestock                | 4,409        | 8,782        |
| 5706        | Natural Resources        | 6,578        | 13,099       |
| 5801        | Revenue                  | 11,823       | 23,451       |
| 6101        | Administration           | 20,468       | 40,490       |
| 6103        | State Fund               | 24,098       | 47,495       |
| 6104        | PERD                     | 3,355        | 6,727        |
| 6105        | TRS                      | 2,217        | 4,451        |
| 6107        | LRBP                     | 1,080        | 2,132        |
| 6201        | Agriculture              | 3,904        | 7,759        |
| 6401        | Correctns & Human Serv   | 5,440        | 10,817       |
| 6501        | Commerce                 | 25,020       | 49,418       |
| 6602        | Labor and Industry       | 6,983        | 13,876       |
| 6901        | SRS                      | 8,916        | 17,724       |
| 6911        | Family Services          | <u>1,493</u> | <u>2,963</u> |
| TOTAL       |                          | 313,496      | 622,379      |

---

ITEM

- **Contract Management Fees for State Purchasing Contracts**

The executive budget proposes implementation of a contract management fee which would be collected by vendors who are awarded purchasing contracts and rebated to the purchasing bureau. When fully implemented, these fees would replace the general fund support of the purchasing bureau. Vendors would collect the fees from state agencies and any other political subdivisions which purchase items from state contracts. This is similar to programs which have been successfully implemented in other states. This proposal is most closely modelled on a program implemented by the state of Washington. Because contracts are generally on a three-year cycle, this proposal would not be fully implemented until the end of the 1997 biennium. For the 1995 biennium, the purchasing bureau would continue to be funded from the general fund with the proceeds from contract management fees being deposited to the general fund. A preliminary estimate is that approximately \$100,000 would be deposited to the general fund in the 1995 biennium. As the department gains experience with the program, the fee revenue would be deposited in the 1997 biennium to a special revenue account, from which the purchasing bureau would be funded.

---

INFORMATION SERVICES DIVISION

6101-07

---

ITEM

- **Reduce Computer Processing Rates**

The Information Services Division (ISD) will reduce computer processing rates by 3.5 percent in each year, retroactive to July 1, 1993, below the levels assumed in the budget for the 1995 biennium. The gross calculated budget reductions associated with this rate reduction are approximately \$430,000 over the biennium from all funding sources. The executive budget recommendation exempts federal special revenue sources and any programs affected by less than \$50 in both fiscal years, resulting in total budget reductions of \$288,040 for the biennium of which \$160,881 is applicable to the general fund. The table below shows the proposed budget reductions for each agency and program by fund type. These reductions are included in HB2 as introduced.

## COMPUTER PROCESSING RATE REDUCTION

| Agency | Pgm | FY94     |          |          |           | FY95     |          |          |           |
|--------|-----|----------|----------|----------|-----------|----------|----------|----------|-----------|
|        |     | GF       | SSR      | Other    | Total     | GF       | SSR      | Other    | Total     |
| 1101   | 01  | (536)    | (561)    | 0        | (1,097)   | (504)    | (527)    | 0        | (1,031)   |
| 1102   | 01  | (417)    | 0        | 0        | (417)     | (738)    | 0        | 0        | (738)     |
| 1104   | 10  | (1,933)  | (1,647)  | 0        | (3,580)   | (2,895)  | (2,466)  | 0        | (5,360)   |
| 2110   | 01  | (78)     | 0        | 0        | (78)      | (69)     | 0        | 0        | (69)      |
| 3101   | 04  | (417)    | 0        | 0        | (417)     | (735)    | 0        | 0        | (735)     |
| 3201   | 01  | (130)    | 0        | (2,503)  | (2,633)   | (115)    | 0        | (2,217)  | (2,332)   |
| 3401   | 03  | (169)    | (104)    | 0        | (272)     | (157)    | (96)     | 0        | (253)     |
| 3401   | 04  | (73)     | 0        | 0        | (73)      | (65)     | 0        | 0        | (65)      |
| 3401   | 10  | (1,240)  | (2,892)  | (167)    | (4,299)   | (1,186)  | (2,767)  | (163)    | (4,115)   |
| 4110   | 12  | (16,108) | (528)    | 0        | (16,636)  | (28,634) | (3,522)  | 0        | (32,156)  |
| 4201   | 01  | 0        | (347)    | 0        | (347)     | 0        | (308)    | 0        | (308)     |
| 5102   | 01  | (105)    | 0        | 0        | (105)     | (105)    | 0        | 0        | (105)     |
| 5201   | 01  | 0        | (1,705)  | (52)     | (1,757)   | 0        | (1,534)  | (46)     | (1,580)   |
| 5301   | 02  | (15)     | (19)     | (109)    | (143)     | (14)     | (17)     | (96)     | (127)     |
| 5301   | 03  | 0        | (57)     | 0        | (57)      | 0        | (50)     | 0        | (50)      |
| 5301   | 06  | (27)     | (35)     | 0        | (62)      | (24)     | (31)     | 0        | (55)      |
| 5401   | 01  | 0        | (12,054) | 0        | (12,054)  | 0        | (10,676) | 0        | (10,676)  |
| 5501   | 01  | (98)     | (1,043)  | 0        | (1,141)   | (86)     | (924)    | 0        | (1,010)   |
| 5501   | 25  | (71)     | (27)     | 0        | (98)      | (63)     | (24)     | 0        | (87)      |
| 5603   | 06  | 0        | (346)    | 0        | (346)     | 0        | (307)    | 0        | (307)     |
| 5706   | 21  | (26)     | (27)     | 0        | (54)      | (23)     | (24)     | 0        | (48)      |
| 5706   | 22  | 0        | (595)    | 0        | (595)     | 0        | (527)    | 0        | (527)     |
| 5706   | 24  | (1,482)  | (489)    | 0        | (1,971)   | (1,313)  | (433)    | 0        | (1,746)   |
| 5801   | 01  | (245)    | 0        | (3)      | (248)     | (217)    | 0        | (3)      | (219)     |
| 5801   | 02  | (512)    | 0        | 0        | (512)     | (453)    | 0        | 0        | (453)     |
| 5801   | 03  | (303)    | (27)     | (171)    | (501)     | (268)    | (24)     | (151)    | (444)     |
| 5801   | 06  | (14,409) | (2,020)  | 0        | (16,429)  | (12,762) | (1,790)  | 0        | (14,552)  |
| 5801   | 07  | (651)    | 0        | 0        | (651)     | (577)    | 0        | 0        | (577)     |
| 5801   | 08  | (2,354)  | 0        | 0        | (2,354)   | (3,840)  | 0        | 0        | (3,840)   |
| 6101   | 03  | (2,987)  | 0        | (3)      | (2,989)   | (2,645)  | 0        | (3)      | (2,648)   |
| 6101   | 06  | (0)      | 0        | (1,021)  | (1,021)   | (0)      | 0        | (1,016)  | (1,017)   |
| 6101   | 23  | (1,705)  | (2,016)  | (824)    | (4,545)   | (1,510)  | (1,786)  | (575)    | (3,870)   |
| 6103   | 01  | 0        | 0        | (12,075) | (12,075)  | 0        | 0        | (10,695) | (10,695)  |
| 6104   | 35  | 0        | 0        | (2,419)  | (2,419)   | 0        | 0        | (2,143)  | (2,143)   |
| 6105   | 01  | 0        | 0        | (235)    | (235)     | 0        | 0        | (130)    | (130)     |
| 6401   | 20  | (60)     | 0        | (1)      | (61)      | (53)     | 0        | (1)      | (54)      |
| 6501   | 61  | (98)     | 0        | 0        | (98)      | (86)     | 0        | 0        | (86)      |
| 6501   | 81  | (2)      | 0        | (86)     | (88)      | (2)      | 0        | (76)     | (78)      |
| 6602   | 01  | 0        | (3,837)  | (87)     | (3,924)   | 0        | (3,398)  | (77)     | (3,475)   |
| 6602   | 02  | 0        | (181)    | 0        | (181)     | 0        | (160)    | 0        | (160)     |
| 6602   | 03  | 0        | 0        | (492)    | (492)     | 0        | 0        | (436)    | (436)     |
| 6602   | 04  | (78)     | (851)    | (113)    | (1,042)   | (69)     | (754)    | (100)    | (923)     |
| 6602   | 07  | 0        | (213)    | 0        | (213)     | 0        | (189)    | 0        | (189)     |
| 6901   | 01  | (200)    | (21)     | 0        | (222)     | (177)    | (19)     | 0        | (196)     |
| 6901   | 04  | (173)    | (68)     | 0        | (241)     | (153)    | (60)     | 0        | (214)     |
| 6901   | 06  | (88)     | 0        | 0        | (88)      | (78)     | 0        | 0        | (78)      |
| 6901   | 07  | (725)    | 0        | 0        | (725)     | (642)    | 0        | 0        | (642)     |
| 6901   | 08  | (73)     | (0)      | 0        | (73)      | (64)     | (0)      | 0        | (65)      |
| 6901   | 09  | (24,722) | (12,404) | 0        | (37,127)  | (21,897) | (12,223) | 0        | (34,120)  |
| 6901   | 10  | (194)    | (62)     | 0        | (256)     | (171)    | (55)     | 0        | (227)     |
| 6901   | 14  | (244)    | 0        | 0        | (244)     | (216)    | 0        | 0        | (216)     |
| 6911   | 01  | (4,381)  | (2)      | 0        | (4,382)   | (1,146)  | (1)      | 0        | (1,148)   |
| Total  |     | (77,129) | (44,178) | (20,361) | (141,668) | (83,752) | (44,692) | (17,928) | (146,372) |

ISD has pursued an appropriate strategy of providing agencies with on-line processing during normal business hours. Consequently, the state mainframe has substantial amounts of excess capacity during nighttime and weekends. ISD could

dramatically improve the efficiency of its mainframe operations by selling its excess capacity to other governmental jurisdictions or to out-of-state sources. With current telecommunications technology, the potential market extends nationwide. The additional revenues received would allow ISD to lower its rates further.

## GENERAL SERVICES PROGRAM

6101-08

### ITEM

- **Reduce General Service Rental Rates**

The General Services Division has reduced its rates for capital complex rent by approximately 1.4 percent in FY94 and 2.5 percent in FY95, below the levels assumed in the budget for the 1995 biennium. The gross calculated budget reductions associated with this rate reduction are approximately \$133,000 over the biennium from all funding sources. The executive budget recommendation exempts federal special revenue sources and any programs affected by less than \$50 in both fiscal years, resulting in total budget reductions of \$113,914 for the biennium of which \$63,473 is applicable to the general fund. The table below shows the proposed budget reductions for each agency and program by fund type. The reductions are included in HB2 as introduced.

## GENERAL SERVICES RENT REDUCTION

| Agency | Pgm | FY94 Reductions |         |         |         | FY95 Reductions |         |         |         |
|--------|-----|-----------------|---------|---------|---------|-----------------|---------|---------|---------|
|        |     | GF              | SSR     | OTHER   | TOTAL   | GF              | SSR     | OTHER   | TOTAL   |
| 1101   | 01  | (181)           | (189)   | 0       | (370)   | (325)           | (340)   | 0       | (665)   |
| 1102   | 01  | (159)           | 0       | 0       | (159)   | (287)           | 0       | 0       | (287)   |
| 1104   | 10  | (461)           | 0       | 0       | (461)   | (831)           | 0       | 0       | (831)   |
| 2110   | 01  | (1,391)         | 0       | 0       | (1,391) | (2,504)         | 0       | 0       | (2,504) |
| 2110   | 03  | (1,111)         | 0       | 0       | (1,111) | (1,999)         | 0       | 0       | (1,999) |
| 3101   | 01  | (599)           | 0       | 0       | (599)   | (1,079)         | 0       | 0       | (1,079) |
| 3101   | 04  | (322)           | 0       | 0       | (322)   | (579)           | 0       | 0       | (579)   |
| 3201   | 01  | (20)            | 0       | (383)   | (403)   | (36)            | 0       | (689)   | (725)   |
| 3201   | 03  | 0               | 0       | (71)    | (71)    | 0               | 0       | (128)   | (128)   |
| 3201   | 04  | 0               | 0       | (182)   | (182)   | 0               | 0       | (327)   | (327)   |
| 3202   | 01  | (52)            | 0       | 0       | (52)    | (94)            | 0       | 0       | (94)    |
| 3401   | 01  | (60)            | 0       | 0       | (60)    | (108)           | 0       | 0       | (108)   |
| 3401   | 03  | (254)           | (48)    | 0       | (303)   | (456)           | (87)    | 0       | (542)   |
| 3401   | 04  | (75)            | 0       | 0       | (75)    | (135)           | 0       | 0       | (135)   |
| 3401   | 10  | (54)            | (126)   | (37)    | (217)   | (97)            | (226)   | (67)    | (391)   |
| 3501   | 06  | (906)           | 0       | (484)   | (1,390) | (1,630)         | 0       | (872)   | (2,502) |
| 4107   | 01  | (191)           | (60)    | 0       | (251)   | (344)           | (109)   | 0       | (452)   |
| 4110   | 01  | (462)           | 0       | 0       | (462)   | (832)           | 0       | 0       | (832)   |
| 4110   | 06  | 0               | 0       | (143)   | (143)   | 0               | 0       | (257)   | (257)   |
| 4110   | 12  | (464)           | (199)   | 0       | (663)   | 0               | (1,194) | 0       | (1,194) |
| 4110   | 13  | 0               | (496)   | 0       | (496)   | 0               | (893)   | 0       | (893)   |
| 4110   | 18  | (340)           | 0       | 0       | (340)   | (613)           | 0       | 0       | (613)   |
| 4110   | 28  | (82)            | (112)   | (4)     | (198)   | (148)           | (202)   | (8)     | (357)   |
| 4110   | 29  | (337)           | 0       | 0       | (337)   | (607)           | 0       | 0       | (607)   |
| 5115   | 01  | (971)           | (134)   | 0       | (1,104) | (1,747)         | (241)   | 0       | (1,988) |
| 5117   | 01  | (1,215)         | 0       | (78)    | (1,292) | (2,188)         | 0       | (140)   | (2,328) |
| 5117   | 04  | 0               | 0       | (125)   | (125)   | 0               | 0       | (223)   | (223)   |
| 5201   | 01  | 0               | (966)   | 0       | (966)   | 0               | (1,739) | 0       | (1,739) |
| 5201   | 02  | 0               | (314)   | (33)    | (348)   | 0               | (566)   | (60)    | (626)   |
| 5301   | 01  | (27)            | 0       | (199)   | (225)   | (48)            | 0       | (357)   | (405)   |
| 5301   | 02  | (125)           | (924)   | (379)   | (1,428) | (226)           | (1,663) | (681)   | (2,570) |
| 5301   | 03  | (99)            | (210)   | (66)    | (376)   | (179)           | (378)   | (119)   | (677)   |
| 5301   | 05  | 0               | (241)   | 0       | (241)   | 0               | (433)   | 0       | (433)   |
| 5301   | 06  | (186)           | (115)   | 0       | (301)   | (334)           | (207)   | 0       | (541)   |
| 5301   | 09  | (97)            | 0       | 0       | (97)    | (175)           | 0       | 0       | (175)   |
| 5401   | 07  | 0               | 0       | (61)    | (61)    | 0               | 0       | (111)   | (111)   |
| 5603   | 01  | (74)            | (665)   | 0       | (738)   | (133)           | (1,196) | 0       | (1,329) |
| 5603   | 10  | (30)            | (1)     | 0       | (31)    | (54)            | (1)     | 0       | (55)    |
| 5706   | 21  | (1,750)         | (1,830) | 0       | (3,580) | (3,151)         | (3,293) | 0       | (6,444) |
| 5801   | 01  | (220)           | 0       | (48)    | (267)   | (395)           | 0       | (86)    | (481)   |
| 5801   | 02  | (314)           | 0       | 0       | (314)   | (566)           | 0       | 0       | (566)   |
| 5801   | 03  | (249)           | (22)    | (141)   | (412)   | (448)           | (40)    | (253)   | (742)   |
| 5801   | 06  | (1,049)         | (198)   | 0       | (1,246) | (1,887)         | (356)   | 0       | (2,244) |
| 5801   | 07  | (353)           | 0       | 0       | (353)   | (636)           | 0       | 0       | (636)   |
| 6101   | 01  | (98)            | 0       | (35)    | (133)   | (176)           | 0       | (62)    | (239)   |
| 6101   | 03  | (272)           | 0       | (24)    | (297)   | (492)           | 0       | (44)    | (535)   |
| 6101   | 04  | 0               | (351)   | 0       | (351)   | 0               | (632)   | 0       | (632)   |
| 6101   | 06  | (196)           | 0       | (818)   | (1,014) | (353)           | 0       | (1,468) | (1,821) |
| 6101   | 07  | 0               | 0       | (1,638) | (1,638) | 0               | 0       | (2,949) | (2,949) |
| 6101   | 08  | (5,170)         | 0       | 0       | (5,170) | (9,293)         | 0       | 0       | (9,293) |
| 6101   | 13  | 0               | 0       | (153)   | (153)   | 0               | 0       | (273)   | (273)   |
| 6101   | 23  | (466)           | (85)    | (193)   | (744)   | (838)           | (153)   | (347)   | (1,339) |
| 6101   | 24  | 0               | 0       | (126)   | (126)   | 0               | 0       | (226)   | (226)   |
| 6101   | 37  | (115)           | 0       | 0       | (115)   | (207)           | 0       | 0       | (207)   |
| 6105   | 01  | 0               | 0       | (465)   | (465)   | 0               | 0       | (821)   | (821)   |
| 6201   | 15  | (95)            | (134)   | (20)    | (250)   | (171)           | (242)   | (37)    | (449)   |
| 6201   | 30  | 0               | (52)    | 0       | (52)    | 0               | (93)    | 0       | (93)    |

| Agency | Pgm | FY94 Reductions |         |         |          | FY95 Reductions |          |          |          |
|--------|-----|-----------------|---------|---------|----------|-----------------|----------|----------|----------|
|        |     | GF              | SSR     | OTHER   | TOTAL    | GF              | SSR      | OTHER    | TOTAL    |
| 6201   | 40  | (28)            | (82)    | 0       | (110)    | (51)            | (147)    | 0        | (198)    |
| 6201   | 50  | (29)            | 0       | (70)    | (98)     | (52)            | 0        | (125)    | (177)    |
| 6401   | 10  | (996)           | (153)   | 0       | (1,149)  | (1,792)         | (276)    | 0        | (2,068)  |
| 6501   | 02  | 0               | (34)    | 0       | (34)     | 0               | (60)     | 0        | (60)     |
| 6501   | 36  | 0               | (120)   | 0       | (120)    | 0               | (216)    | 0        | (216)    |
| 6501   | 37  | 0               | (75)    | 0       | (75)     | 0               | (136)    | 0        | (136)    |
| 6501   | 51  | (39)            | (29)    | 0       | (68)     | (71)            | (52)     | 0        | (123)    |
| 6501   | 52  | 0               | (231)   | 0       | (231)    | 0               | (416)    | 0        | (416)    |
| 6501   | 60  | (46)            | 0       | 0       | (46)     | (83)            | 0        | 0        | (83)     |
| 6501   | 61  | (122)           | 0       | 0       | (122)    | (219)           | 0        | 0        | (219)    |
| 6501   | 62  | 0               | 0       | (144)   | (144)    | 0               | 0        | (259)    | (259)    |
| 6501   | 65  | 0               | (147)   | 0       | (147)    | 0               | (267)    | 0        | (267)    |
| 6501   | 70  | (61)            | 0       | 0       | (61)     | (107)           | 0        | 0        | (107)    |
| 6501   | 78  | 0               | (44)    | 0       | (44)     | 0               | (79)     | 0        | (79)     |
| 6501   | 81  | 0               | 0       | (252)   | (253)    | (1)             | 0        | (454)    | (455)    |
| 6602   | 03  | 0               | 0       | (2,827) | (2,827)  | 0               | 0        | (5,089)  | (5,089)  |
| 6602   | 08  | (109)           | 0       | 0       | (109)    | (190)           | 0        | 0        | (190)    |
| 6901   | 01  | (79)            | (8)     | 0       | (87)     | (142)           | (15)     | 0        | (157)    |
| 6901   | 04  | (223)           | (96)    | 0       | (319)    | (401)           | (174)    | 0        | (575)    |
| 6901   | 07  | (132)           | 0       | 0       | (132)    | (238)           | 0        | 0        | (238)    |
| 6901   | 08  | (155)           | (1)     | 0       | (156)    | (280)           | (1)      | 0        | (281)    |
| 6901   | 09  | (146)           | (25)    | 0       | (171)    | (263)           | (44)     | 0        | (308)    |
| 6901   | 10  | (28)            | (9)     | 0       | (38)     | (51)            | (17)     | 0        | (68)     |
| 6901   | 14  | (88)            | 0       | 0       | (88)     | (158)           | 0        | 0        | (158)    |
| Total  |     | (22,973)        | (8,526) | (9,199) | (40,698) | (40,500)        | (16,184) | (16,532) | (73,216) |

#### STATE PERSONNEL DIVISION

6101-23

| Budget Item          | FY94         |             |            | FY95         |             |            |
|----------------------|--------------|-------------|------------|--------------|-------------|------------|
|                      | Appropriated | Recommended | Difference | Appropriated | Recommended | Difference |
| FTE                  | 41.22        | 41.22       | 0.00       | 41.22        | 41.22       | 0.00       |
| Personal Services    | 3,181,094    | 3,181,094   | 0          | 3,161,009    | 3,161,009   | 0          |
| Operating Expenses   | 1,001,342    | 1,001,342   | 0          | 620,280      | 620,280     | 0          |
| Equipment            | 25,090       | 25,090      | 0          | 17,060       | 17,060      | 0          |
| Debt Service         | 720          | 720         | 0          | 0            | 0           | 0          |
| Total Costs          | 4,208,246    | 4,208,246   | 0          | 3,798,349    | 3,798,349   | 0          |
| General Fund         | 1,588,328    | 1,406,500   | (181,828)  | 1,502,941    | 1,182,383   | (320,558)  |
| State Special        | 1,275,182    | 1,457,010   | 181,828    | 1,265,113    | 1,585,671   | 320,558    |
| Proprietary Fund     | 1,332,669    | 1,332,669   | 0          | 1,018,546    | 1,018,546   | 0          |
| Non-expendable Trust | 12,067       | 12,067      | 0          | 11,749       | 11,749      | 0          |
| Total Funding        | 4,208,246    | 4,208,246   | 0          | 3,798,349    | 3,798,349   | 0          |

| ITEM   | FY94      | FY95      |
|--|-----------|-----------|
| <ul style="list-style-type: none"> <li><b>Increased Recovery of General Fund Costs for Statewide Services</b><br/>The executive budget proposes implementation of a State Funds Cost Recovery Plan (SFCAP) to recover the costs of core governmental "infrastructure" services from nongeneral fund sources which currently do not fully or directly contribute for these costs. A portion of the current general fund support for the Personnel Division would be replaced with funding from SFCAP contributions. For further discussion, see the section under the Accounting and Management Services Division in the Department of Administration.</li> </ul> | (181,828) | (320,558) |

# Department of Military Affairs

## OPERATIONS SUPPORT

6701-01

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference      |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|-----------------|
| <b>FTE</b>           | <b>7.10</b>          | <b>6.64</b>         | <b>(0.46)</b>   | <b>7.10</b>          | <b>6.10</b>         | <b>(1.00)</b>   |
| Personal Services    | 242,481              | 236,679             | (5,802)         | 246,502              | 220,614             | (25,888)        |
| Operating Expenses   | 77,612               | 72,612              | (5,000)         | 74,926               | 65,960              | (8,966)         |
| Equipment            | 0                    | 0                   | 0               | 574                  | 574                 | 0               |
| Benefits and Claims  | 2,280                | 2,280               | 0               | 2,280                | 2,280               | 0               |
| <b>Total Costs</b>   | <b>322,373</b>       | <b>311,571</b>      | <b>(10,802)</b> | <b>324,282</b>       | <b>289,428</b>      | <b>(34,854)</b> |
| General Fund         | 322,373              | 299,571             | (22,802)        | 324,282              | 277,428             | (46,854)        |
| Federal Special      | 0                    | 12,000              | 12,000          | 0                    | 12,000              | 12,000          |
| <b>Total Funding</b> | <b>322,373</b>       | <b>311,571</b>      | <b>(10,802)</b> | <b>324,282</b>       | <b>289,428</b>      | <b>(34,854)</b> |

### ITEM

- Operations Support Reductions**

Recommended reductions include elimination of 1.00 FTE (less than a full FTE for the remainder of FY94) administrative position in Bozeman who works totally for the federal Guard Bureau and a shift to federal funds for 50 percent of the salary and benefits for an accounting technician in Helena. General liability insurance of \$5,000 per year and other operating expenses will be deleted from the operating budget and paid for directly by the federal government.

|                 |                 |
|-----------------|-----------------|
| <b>FY94</b>     | <b>FY95</b>     |
| <b>(22,802)</b> | <b>(46,854)</b> |

## AIR NATIONAL GUARD PGM

6701-13

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference      |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|-----------------|
| <b>FTE</b>           | <b>35.00</b>         | <b>35.00</b>        | <b>0.00</b>     | <b>35.00</b>         | <b>35.00</b>        | <b>0.00</b>     |
| Personal Services    | 1,043,674            | 1,043,674           | 0               | 1,065,901            | 1,065,901           | 0               |
| Operating Expenses   | 554,351              | 489,651             | (64,700)        | 567,192              | 500,860             | (66,332)        |
| Equipment            | 0                    | 0                   | 0               | 0                    | 0                   | 0               |
| <b>Total Costs</b>   | <b>1,598,025</b>     | <b>1,533,325</b>    | <b>(64,700)</b> | <b>1,633,093</b>     | <b>1,566,761</b>    | <b>(66,332)</b> |
| General Fund         | 161,754              | 145,579             | (16,175)        | 165,828              | 149,245             | (16,583)        |
| Federal Special      | 1,436,271            | 1,387,746           | (48,525)        | 1,467,265            | 1,417,516           | (49,749)        |
| <b>Total Funding</b> | <b>1,598,025</b>     | <b>1,533,325</b>    | <b>(64,700)</b> | <b>1,633,093</b>     | <b>1,566,761</b>    | <b>(66,332)</b> |

**ITEM****FY94****FY95**

- **Air Guard Draw Down of R & M/Consolidation**  
Recommended reductions will be applied to repair and maintenance projects and consolidation of space to reduce utilities expense. The reduction in federal funds at the 75%-25% matching rate amounts to \$98,274 for the biennium.

**(16,175)****(16,583)**





# **HUMAN SERVICES**



# HUMAN SERVICES

## OVERVIEW

| Agency   | Actual             |                    | Appropriated       |                    | Recommended        |                    | Differences         |                     | Biennial % Change    |                      |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|----------------------|----------------------|
|  | FY92               | FY93               | FY94               | FY95               | FY94               | FY95               | FY94                | FY95                | 95 Rec/<br>93 Actual | 95 Rec/<br>95 Approp |
| <b>5301 Health and Environmental Sciences</b>  |                    |                    |                    |                    |                    |                    |                     |                     |                      |                      |
| General Fund                                   | 3,857,455          | 3,718,945          | 3,015,703          | 3,022,265          | 3,015,127          | 3,021,265          | (576)               | (1,000)             | -20.3%               | 0.0%                 |
| State Special                                  | 11,305,286         | 13,865,838         | 14,356,612         | 14,137,916         | 14,355,011         | 14,135,137         | (1,601)             | (2,779)             | 13.2%                | 0.0%                 |
| Federal Revenue                                | 29,252,507         | 30,985,594         | 40,581,693         | 43,257,361         | 40,581,693         | 43,257,361         | 0                   | 0                   | 39.2%                | 0.0%                 |
| Proprietary/Other *                            | 1,596,448          | 1,775,382          | 2,417,905          | 2,338,383          | 2,426,955          | 2,356,603          | 9,050               | 18,220              | 41.9%                | 0.6%                 |
| <b>Total Funds</b>                             | <b>46,011,696</b>  | <b>50,345,758</b>  | <b>60,371,913</b>  | <b>62,755,925</b>  | <b>60,378,786</b>  | <b>62,770,366</b>  | <b>6,873</b>        | <b>14,441</b>       | <b>27.8%</b>         | <b>0.0%</b>          |
| <b>6602 Labor and Industry</b>                 |                    |                    |                    |                    |                    |                    |                     |                     |                      |                      |
| General Fund                                   | 743,745            | 698,402            | 813,739            | 788,411            | 740,450            | 507,298            | (73,289)            | (281,113)           | -13.5%               | -22.1%               |
| State Special                                  | 2,957,117          | 3,341,798          | 13,334,975         | 11,098,871         | 13,329,893         | 11,094,370         | (5,082)             | (4,501)             | 287.8%               | 0.0%                 |
| Federal Revenue                                | 35,744,347         | 36,105,679         | 27,969,459         | 26,963,108         | 27,969,459         | 26,963,108         | 0                   | 0                   | -23.5%               | 0.0%                 |
| Proprietary/Other *                            | 4,304,765          | 3,624,536          | 3,661,663          | 3,635,439          | 3,665,127          | 3,643,613          | 3,464               | 8,174               | -7.8%                | 0.2%                 |
| <b>Total Funds</b>                             | <b>43,749,974</b>  | <b>43,770,415</b>  | <b>45,779,836</b>  | <b>42,485,829</b>  | <b>45,704,929</b>  | <b>42,208,389</b>  | <b>(74,907)</b>     | <b>(277,440)</b>    | <b>0.4%</b>          | <b>-0.4%</b>         |
| <b>6901 Social and Rehabilitation Services</b> |                    |                    |                    |                    |                    |                    |                     |                     |                      |                      |
| General Fund                                   | 98,301,423         | 110,976,134        | 116,283,594        | 130,043,294        | 113,299,024        | 121,790,863        | (2,984,570)         | (8,252,431)         | 12.3%                | -4.6%                |
| State Special                                  | 14,322,188         | 16,917,921         | 15,087,728         | 15,464,028         | 15,075,034         | 15,451,420         | (12,694)            | (12,608)            | -2.3%                | -0.1%                |
| Federal Revenue                                | 280,005,855        | 325,432,815        | 338,702,818        | 358,608,568        | 331,400,718        | 338,533,368        | (7,302,100)         | (20,075,200)        | 10.7%                | -3.9%                |
| Proprietary/Other *                            | 0                  | 0                  | 0                  | 0                  | 8,916              | 17,724             | 8,916               | 17,724              | NA                   | NA                   |
| <b>Total Funds</b>                             | <b>392,629,467</b> | <b>453,326,870</b> | <b>470,074,140</b> | <b>504,115,890</b> | <b>459,783,692</b> | <b>475,793,375</b> | <b>(10,290,448)</b> | <b>(28,322,515)</b> | <b>10.6%</b>         | <b>-4.0%</b>         |
| <b>6911 Family Services</b>                    |                    |                    |                    |                    |                    |                    |                     |                     |                      |                      |
| General Fund                                   | 31,232,324         | 36,265,718         | 37,438,683         | 32,811,571         | 37,317,845         | 32,535,612         | (120,838)           | (275,959)           | 3.5%                 | -0.6%                |
| State Special                                  | 2,960,980          | 2,857,176          | 3,025,977          | 3,071,865          | 3,051,475          | 3,164,764          | 25,498              | 92,899              | 6.8%                 | 1.9%                 |
| Federal Revenue                                | 15,128,561         | 18,376,194         | 21,998,163         | 19,981,330         | 21,998,163         | 19,981,330         | 0                   | 0                   | 25.3%                | 0.0%                 |
| Proprietary/Other *                            | 0                  | 0                  | 0                  | 0                  | 1,493              | 2,963              | 1,493               | 2,963               | NA                   | NA                   |
| <b>Total Funds</b>                             | <b>49,321,865</b>  | <b>57,499,088</b>  | <b>62,462,823</b>  | <b>55,864,766</b>  | <b>62,368,976</b>  | <b>55,684,669</b>  | <b>(93,847)</b>     | <b>(180,097)</b>    | <b>10.5%</b>         | <b>-0.2%</b>         |

# Department of Health & Environmental Sciences

| MONTANA HEALTH CARE AUTHORITY |                      |                     |                  |                      |                     | 5301-10         |
|-------------------------------|----------------------|---------------------|------------------|----------------------|---------------------|-----------------|
| Budget Item                   | FY94<br>Appropriated | FY94<br>Recommended | Difference       | FY95<br>Appropriated | FY95<br>Recommended | Difference      |
| FTE                           | 2.00                 | 2.00                | 0.00             | 0.00                 | 0.00                | 0.00            |
| Personal Services             | 93,921               | 93,921              | 0                | 0                    | 0                   | 0               |
| Operating Expenses            | 656,079              | 556,079             | (100,000)        | 750,000              | 700,000             | (50,000)        |
| Equipment                     | 0                    | 0                   | 0                | 0                    | 0                   | 0               |
| <b>Total Costs</b>            | <b>750,000</b>       | <b>650,000</b>      | <b>(100,000)</b> | <b>750,000</b>       | <b>700,000</b>      | <b>(50,000)</b> |
| General Fund                  | 750,000              | 650,000             | (100,000)        | 750,000              | 700,000             | (50,000)        |
| State Special                 | 0                    | 0                   | 0                | 0                    | 0                   | 0               |
| Federal Special               | 0                    | 0                   | 0                | 0                    | 0                   | 0               |
| <b>Total Funding</b>          | <b>750,000</b>       | <b>650,000</b>      | <b>(100,000)</b> | <b>750,000</b>       | <b>700,000</b>      | <b>(50,000)</b> |

\* Note: Program 10 is not included in House Bill 2. It was created to reflect the Montana Health Care Authority budget established by House Bill 145. This table shows the budget as it currently exists.

## ITEM

|  | FY94      | FY95     |
|--|-----------|----------|
| <ul style="list-style-type: none"> <li> <b>Montana Health Care Authority Savings</b><br/> During the 1993 legislative session, SB285 was passed and approved creating the Montana Health Care Authority. The task of this authority is to work on developing two statewide health care plans, one based on a single-payor concept and one based on a multiple-payor concept, to present to the 1995 Legislature. The authority was funded in HB145 (Chapter 550, Laws of 1993) which contains general fund appropriations of \$178,385 during FY94 and \$163,817 during FY95 for the State Auditor's office to carry out its duties outlined in SB285. The bill also appropriates \$750,000 general fund each year of the biennium to the DHES, to which the authority is administratively attached. Of the total proposed savings, a portion will be due to delays in hiring staff during the first year. </li> </ul> | (100,000) | (50,000) |

# Department of Labor & Industry

## EMPLOYMENT RELATIONS

6602-04

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference       |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|------------------|
| FTE                  | 75.75                | 75.75               | 0.00            | 75.75                | 75.75               | 0.00             |
| Personal Services    | 2,292,479            | 2,292,479           | 0               | 2,199,137            | 2,199,137           | 0                |
| Operating Expenses   | 1,472,157            | 1,472,157           | 0               | 1,085,074            | 1,085,074           | 0                |
| Equipment            | 263,520              | 263,520             | 0               | 87,020               | 87,020              | 0                |
| Capital Outlay       | 4,500                | 4,500               | 0               | 0                    | 0                   | 0                |
| Benefits and Claims  | 334,151              | 261,049             | (73,102)        | 305,503              | 24,649              | (280,854)        |
| <b>Total Costs</b>   | <b>4,366,807</b>     | <b>4,293,705</b>    | <b>(73,102)</b> | <b>3,676,734</b>     | <b>3,395,880</b>    | <b>(280,854)</b> |
| General Fund         | 334,526              | 261,424             | (73,102)        | 306,777              | 25,923              | (280,854)        |
| State Special        | 3,518,502            | 3,518,502           | 0               | 2,863,020            | 2,863,020           | 0                |
| Federal Special      | 42,140               | 42,140              | 0               | 44,286               | 44,286              | 0                |
| Proprietary Fund     | 471,639              | 471,639             | 0               | 462,651              | 462,651             | 0                |
| <b>Total Funding</b> | <b>4,366,807</b>     | <b>4,293,705</b>    | <b>(73,102)</b> | <b>3,676,734</b>     | <b>3,395,880</b>    | <b>(280,854)</b> |

### ITEM

- Eliminate the Silicosis Program**

The general fund appropriation for silicosis benefits is \$308,666 in FY94 and \$280,854 in FY95. This program has been reduced in prior special sessions due to declining numbers of beneficiaries. There are 18 silicotics remaining and 82 silicotic beneficiaries or spouses of claimants who died prior to March 14, 1974, who are receiving \$200 a month in benefits. There are 63 survivors/beneficiaries of claimants who died after March 14, 1974, who are receiving \$100 a month. Assuming an elimination date of March 31, 1994, and the number of claimants/beneficiaries remaining the same, the general fund savings for FY94 will be \$73,102.

|  |                 |                  |
|--|-----------------|------------------|
|  | <b>FY94</b>     | <b>FY95</b>      |
|  | <b>(73,102)</b> | <b>(280,854)</b> |

# Department of Social & Rehabilitation Services

## MEDICAID SERVICES

6901-07

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference          | FY95<br>Appropriated | FY95<br>Recommended | Difference          |
|----------------------|----------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| <b>FTE</b>           | <b>46.50</b>         | <b>46.50</b>        | <b>0.00</b>         | <b>46.50</b>         | <b>46.50</b>        | <b>0.00</b>         |
| Personal Services    | 1,632,869            | 1,632,869           | 0                   | 1,660,793            | 1,660,793           | 0                   |
| Operating Expenses   | 4,380,023            | 4,380,023           | 0                   | 4,418,638            | 4,418,638           | 0                   |
| Equipment            | 56,233               | 56,233              | 0                   | 51,333               | 51,333              | 0                   |
| Benefits and Claims  | 301,027,498          | 290,768,098         | (10,259,400)        | 329,003,256          | 300,700,556         | (28,302,700)        |
| Transfers            | 1,224,990            | 1,224,990           | 0                   | 0                    | 0                   | 0                   |
| <b>Total Costs</b>   | <b>308,321,613</b>   | <b>298,062,213</b>  | <b>(10,259,400)</b> | <b>335,134,020</b>   | <b>306,831,320</b>  | <b>(28,302,700)</b> |
| General Fund         | 74,367,721           | 71,410,421          | (2,957,300)         | 85,114,397           | 76,886,897          | (8,227,500)         |
| State Special        | 6,770,434            | 6,770,434           | 0                   | 6,889,623            | 6,889,623           | 0                   |
| Federal Special      | 227,183,458          | 219,881,358         | (7,302,100)         | 243,130,000          | 223,054,800         | (20,075,200)        |
| <b>Total Funding</b> | <b>308,321,613</b>   | <b>298,062,213</b>  | <b>(10,259,400)</b> | <b>335,134,020</b>   | <b>306,831,320</b>  | <b>(28,302,700)</b> |

Under the Medicaid program, states are required to provide a minimum level of services in order to participate. These services include, but are not limited to, inpatient and outpatient hospital services and physician services. In addition to these mandated services, states may elect to provide any of 31 additional optional services allowed under federal regulations. Currently the Montana Medicaid program covers 27 of the 31 optional services. Only two other states provide 27 or more optional services.

Since Montana has offered 27 optional services, federal regulations require that the state continue to offer those optional services to pregnant women, individuals residing in nursing homes and Intermediate Care Facilities for the Mentally Retarded (ICF-MRs), and people covered under the Home and Community Services waiver or the Developmental Disabilities waiver. The state is not required to offer the four optional services that it has not covered before to this population. In addition to these requirements, children who are covered by Medicaid must be provided any medically necessary service, regardless of whether the service is considered optional, mandatory or is "non-covered". (In this case, non-covered refers to a service that will not be covered for any Medicaid client other than a child.) Therefore, a reduction or elimination of optional services will impact only Medicaid clients who do not fall into one of these categories. In addition, all Medicaid mandatory and optional services are reviewed for medical necessity.

| ITEM  | FY94     | FY95     |
|---|----------|----------|
| <ul style="list-style-type: none"> <li> <b>Eliminate Adult Podiatry Services</b><br/> Services provided by licensed podiatrists currently are covered for Medicaid patients as an optional service. This proposal would eliminate coverage for Medicaid patients for this service. The estimated general fund savings shown at right is based on an assumption that 90 percent of the patients who would not be eligible for this optional service would seek podiatric care under the mandatory physician services benefit. The remaining 10 percent would not receive podiatric services. In addition to general fund savings, there would be a \$6,100 reduction in matching federal revenue during the 1995 biennium for this option. </li> </ul> | (700)    | (1,800)  |
| <ul style="list-style-type: none"> <li> <b>Eliminate Adult Hearing Aids and Audiology Services</b><br/> This optional Medicaid service covers hearing aids and audiology exams for Medicaid clients. A reduction in federal matching funds of about \$25,300 during the 1995 biennium from this option would be in addition to the general fund savings. </li> </ul>  | (3,000)  | (7,500)  |
| <ul style="list-style-type: none"> <li> <b>Reduce Adult Physical, Speech, Occupational Therapy Services</b> </li> </ul>   | (18,400) | (45,000) |

The state currently pays for rehabilitative, physical, speech and occupational therapy services provided by licensed therapists. Under this proposal, these benefits would be reduced from a maximum of 100 hours to a maximum of 35 hours of therapy. If necessary, a patient could receive additional therapy within the more expensive outpatient hospital or home health care benefit. The anticipated reduction in federal matching funds during the 1995 biennium due to the general fund reduction would be approximately \$152,400.

- **Eliminate Adult Eyeglasses and Optical Services** (91,400) (224,000)

This proposal would eliminate coverage of eyeglasses and routine eye care by opticians, optometrists and ophthalmologists. Treatment for non-routine eye care still would be available through the mandatory physicians services benefit. The estimated reduction in federal matching funds during the 1995 biennium would be \$759,500 in addition to the reduction in general fund shown to the right.
- **Eliminate Adult Denture and Dental Services** (251,900) (617,200)

Currently, the state Medicaid plan includes coverage for dental services and dentures. The recommended proposal will eliminate coverage of those items. In addition to the reduction in general fund, the approximate reduction in federal matching funds during the 1995 biennium would be \$2,092,800.

Another proposal would be to eliminate these services, but pay for emergency services to relieve pain and suffering. The general fund savings during the 1995 biennium for this option would be about \$514,100 (in lieu of the \$251,900 in FY94 savings and \$617,200 in FY95 savings shown at the right).
- **Increase Pharmacy Copay** (9,000) (18,400)

A one dollar copayment currently is required from clients for each prescription. This proposal would increase the copayment to two dollars only on brand name (non-generic) prescriptions. Copays are not and would not be applied to emergency services. In addition to general fund savings shown at the right, federal matching revenue of \$66,100 will be reduced during the 1995 biennium.
- **Increase Copay Limit** (37,300) (74,700)

Under the current Medicaid program, a maximum copayment liability for a family is \$127 per state fiscal year. This proposal would increase the maximum family copayment liability to \$300 per year. Copays are not and would not be applied to emergency services. The projected reduction in federal matching funds during the 1995 biennium would be approximately \$267,700 in addition to the general fund reduction.
- **Increase Coinsurance on Inpatient Hospital Stays** (118,100) (240,400)

This proposal would increase the patient responsibility for payment of an inpatient hospital stay. Medicaid patients admitted to the hospital would be asked to pay a \$200 coinsurance payment for that stay unless it is an emergency. Currently, patients are charged three dollars for each day that they stay in the hospital. This proposal would reduce federal matching funds by about \$864,000 along with the general fund reduction during the 1995 biennium.

- **Reduce Limit on Personal Care Services** (44,900) (106,200)

Under this service option currently, Medicaid clients are allowed to have personal care services (assistance with activities of daily living provided by attendants who are supervised by registered nurses) provided for 40 hours per week. No more than one-third of these hours may be provided for household tasks. The proposal would reduce the maximum benefit to 35 hours per week. The SRS calculates that 20 recipients would be impacted by this proposal and could require placement in a nursing home. The estimated decrease during the 1995 biennium would be \$363,600 federal matching funds plus the reduction in general fund.
- **Limit the Number of Mental Health Services** (55,900) (146,500)

Currently, there is a 22 hour limitation on therapy provided by social workers, psychologists and licensed professional counselors in the individual, group or family setting. This proposal would include community mental health centers in this limitation of the mental health benefit. There would be no limitation on targeted case management. The estimated reduction in federal matching funds for the 1995 biennium would be \$487,100. The general fund reduction is shown at right.
- **Limit Number of Day Treatment Services** (82,700) (217,300)

This proposal would implement a limit on the number of hours of day treatment that a client may receive at a community mental health center. Currently, there is no limit. The proposal would place a cap of 780 hours per year, which is an average of 15 hours per week on Medicaid clients. The projected reduction in funding during the 1995 biennium would be \$1,020,100. This includes federal matching funds of \$720,100 plus the general fund reduction shown.
- **Capitate Mental Health Services to Adults** 50,000 (69,400)

This proposal would restructure the reimbursement mechanism for mental health services under Medicaid. The department would apply for a waiver from the federal government to restrict the number of providers of mental health services. The SRS would issue competitive bids for providers of mental health services. Inpatient and outpatient mental health services would be paid to a provider as a fixed amount per client instead of per service. Providers who were able to provide care for less than the capitated amount would realize a profit, whereas providers who did not provide care in the most efficient manner may sustain extra cost. The additional \$50,000 general fund during FY94 reflects the cost of a contract to develop and implement this new service delivery system. (The contract is estimated to cost \$100,000 during FY94 and \$50,000 during FY95, half of which are federal matching funds.) The department plans to implement this change at the beginning of January 1995. This proposal also allows for more management of the care given to clients. Federal matching fund reductions are estimated to be \$150,600 during the 1995 biennium.
- **Limit Services for Medically Needy to Primary and Preventive Care** (2,294,000) (5,276,200)

The Medically Needy program is intended to provide a bridge between people who are fully eligible for Medicaid and those whose income is slightly too high to qualify for Medicaid, but still have health care expenses. This proposal would limit the benefits to clients on the Medically Needy program to primary and preventative care services, drugs, and lab and x-ray services. The



Medically Needy program would not cover hospital services. The estimated reduction in federal matching funds would be \$18,595,200 during the 1995 biennium.

- **Reduce Outpatient Hospital Reimbursement** 0 (474,900)

Reimbursement to hospitals for outpatient services is done retrospectively under the Medicaid program. During the year, hospitals receive payments based on a percentage of their billed charges. Then at the end of the year, all costs are totaled and Medicaid adjusts the total payment to meet a set percentage of those costs. During the 1993 Legislature, the sole community hospital reimbursement was established at 98.8 percent of actual costs. Hospitals in multiple hospital communities are to be reimbursed at 93 percent of actual cost. This proposal would reduce these percentages to 93.8 percent and 88 percent, respectively, and would reduce federal matching funds by approximately \$1,134,800 over the 1995 biennium.
- **Delay Implementation of Nursing Home Property Reimbursement Changes** 0 (466,700)

The SRS has contracted for a study to recommend changes in the property reimbursement component of the nursing home reimbursement formula. This proposal would delay implementation of the recommendations and freeze the property reimbursement for FY95. This also would provide no rebasing of the reimbursement formula for FY95. Estimated federal matching fund reductions would be \$1,115,300 during the 1995 biennium.
- **Implement a Special Income Limit for Nursing Home Eligibility** 0 (241,300)

This proposal would implement the special income limit which is used in determining nursing home eligibility under the Medicaid program. The special income limit would be set at 300 percent of the federal Supplemental Security Income monthly payment which is currently \$434. Therefore, the limit would be \$1,302 per month. Persons with incomes exceeding this limit would not be eligible for nursing home care reimbursement under Medicaid. Approximately 170 people would be impacted by this proposal. The SRS would delay implementation of this option until January 1, 1995, to allow people to seek financing for their nursing home care to replace the state support and/or to pursue alternative care options. The federal matching fund reduction during the 1995 biennium would be about \$576,700. This proposal would generate general fund savings projected at \$1.2 million during the 1997 biennium.

# Department of Family Services

## JUVENILE CORRECTIONS

6911-03

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference  | FY95<br>Appropriated | FY95<br>Recommended | Difference  |
|----------------------|----------------------|---------------------|-------------|----------------------|---------------------|-------------|
| <b>FTE</b>           | <b>206.48</b>        | <b>206.48</b>       | <b>0.00</b> | <b>206.48</b>        | <b>206.48</b>       | <b>0.00</b> |
| Personal Services    | 6,044,591            | 6,044,591           | 0           | 6,199,251            | 6,199,251           | 0           |
| Operating Expenses   | 1,289,588            | 1,289,588           | 0           | 1,320,561            | 1,320,561           | 0           |
| Equipment            | 44,110               | 44,110              | 0           | 22,149               | 22,149              | 0           |
| Benefits and Claims  | 216,000              | 216,000             | 0           | 216,000              | 216,000             | 0           |
| Transfers            | 18,700               | 18,700              | 0           | 18,700               | 18,700              | 0           |
| <b>Total Costs</b>   | <b>7,612,989</b>     | <b>7,612,989</b>    | <b>0</b>    | <b>7,776,661</b>     | <b>7,776,661</b>    | <b>0</b>    |
| General Fund         | 6,945,293            | 6,919,793           | (25,500)    | 7,097,739            | 7,004,839           | (92,900)    |
| State Special        | 285,261              | 310,761             | 25,500      | 288,499              | 381,399             | 92,900      |
| Federal Special      | 382,435              | 382,435             | 0           | 390,423              | 390,423             | 0           |
| <b>Total Funding</b> | <b>7,612,989</b>     | <b>7,612,989</b>    | <b>0</b>    | <b>7,776,661</b>     | <b>7,776,661</b>    | <b>0</b>    |

### ITEM

FY94

FY95

- Timber Revenue to I & I**

(25,500)      (92,900)

During the 1992 special session, the legislature passed HB3 which provided that revenue from state timber sales on school lands would be deposited in the school equalization account. This provision was made permanent for the schools by HB667. The recommended budget extends the provision to other non-university trust lands. Timber sale revenues are proposed to be deposited to their respective interest and income accounts effective January 1, 1994. The impact on Pine Hills is additional state special revenue of \$25,500 in FY94 and \$92,900 in FY95, which reduces general fund by a like amount.

## COMMUNITY & PROTECTIVE SERVICE

6911-05

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference       |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|------------------|
| <b>FTE</b>           | <b>20.25</b>         | <b>20.25</b>        | <b>0.00</b>     | <b>20.25</b>         | <b>20.25</b>        | <b>0.00</b>      |
| Personal Services    | 739,000              | 739,000             | 0               | 736,443              | 736,443             | 0                |
| Operating Expenses   | 686,911              | 686,911             | 0               | 689,130              | 689,130             | 0                |
| Equipment            | 21,110               | 21,110              | 0               | 21,110               | 21,110              | 0                |
| Grants               | 1,471,881            | 1,380,924           | (90,957)        | 1,471,176            | 1,289,263           | (181,913)        |
| Benefits and Claims  | 28,608,268           | 28,608,268          | 0               | 27,123,092           | 27,123,092          | 0                |
| <b>Total Costs</b>   | <b>31,527,170</b>    | <b>31,436,213</b>   | <b>(90,957)</b> | <b>30,040,951</b>    | <b>29,859,038</b>   | <b>(181,913)</b> |
| General Fund         | 18,332,278           | 18,241,321          | (90,957)        | 16,769,665           | 16,587,752          | (181,913)        |
| State Special        | 1,774,371            | 1,774,371           | 0               | 1,802,855            | 1,802,855           | 0                |
| Federal Special      | 11,420,521           | 11,420,521          | 0               | 11,468,431           | 11,468,431          | 0                |
| <b>Total Funding</b> | <b>31,527,170</b>    | <b>31,436,213</b>   | <b>(90,957)</b> | <b>30,040,951</b>    | <b>29,859,038</b>   | <b>(181,913)</b> |

**ITEM****FY94****FY95**

- **Eliminate State Support for Big Brother and Sisters**

**(90,957)****(181,913)**

Big Brothers and Sisters is appropriated grants from DFS in the amount of \$181,913 general fund each year of the 1995 biennium. Big Brothers and Sisters is a not-for-profit organization that receives funding from other sources such as United Way and private donations.



The background of the page features a large, circular, faded seal of the State of Nevada. The outer ring of the seal contains the text "THE GREAT SEAL OF THE STATE OF NEVADA" in a circular arrangement. The inner circle depicts a landscape with mountains, a river, and a small settlement. At the bottom of the inner circle, a banner reads "ORO -Y- PLATA".

# **NATURAL RESOURCES AND COMMERCE**



# NATURAL RESOURCES AND COMMERCE

## OVERVIEW

| Agency                                  | FY92       | Actual     | FY93 | FY94       | Appropriated |            | Recommended |            | Differences |           | Biennial % Change    |                      |
|---|------------|------------|------|------------|--------------|------------|-------------|------------|-------------|-----------|----------------------|----------------------|
|   |            |            |      |            | FY94         | FY95       | FY94        | FY95       | FY94        | FY95      | 95 Rec/<br>93 Actual | 95 Rec/<br>95 Approp |
| 4201 Public Service Regulation          |            |            |      |            |              |            |             |            |             |           |                      |                      |
| General Fund                            | 2,091,853  | 2,143,462  |      | 0          | 2,353,245    | 0          | 2,352,898   | 0          | (347)       | 0         | -100.0%              | NA                   |
| State Special                           | 0          | 0          |      |            | 29,727       | 2,056,320  | 29,727      | 2,056,012  | 0           | (308)     | NA                   | 0.0%                 |
| Federal Revenue                         | 24,680     | 26,446     |      |            |              | 28,168     |             | 28,168     | 0           | 0         | 13.2%                | 0.0%                 |
| Proprietary Fund                        | 19,379     | 16,123     |      | 0          | 0            | 0          | 0           | 0          | 0           | 0         | -100.0%              | NA                   |
| Total Funds                             | 2,135,912  | 2,186,032  |      | 2,382,972  |              | 2,084,488  | 2,382,625   | 2,084,180  | (347)       | (308)     | 3.4%                 | 0.0%                 |
| 5201 Fish, Wildlife, & Parks            |            |            |      |            |              |            |             |            |             |           |                      |                      |
| General Fund                            | 393,422    | 384,565    |      | 311,105    | 311,105      | 315,937    | 311,105     | 315,937    | 0           | 0         | -19.4%               | 0.0%                 |
| State Special                           | 23,298,254 | 25,400,232 |      | 26,025,532 | 26,025,532   | 24,427,892 | 26,022,547  | 24,424,053 | (2,985)     | (3,839)   | 3.6%                 | 0.0%                 |
| Federal Revenue                         | 8,894,508  | 9,306,704  |      | 10,993,588 | 10,993,588   | 9,708,059  | 10,993,588  | 9,708,059  | 0           | 0         | 13.7%                | 0.0%                 |
| Capital Projects                        | 18,204     | 0          |      | 0          | 0            | 0          | 0           | 0          | 0           | 0         | -100.0%              | NA                   |
| Proprietary/Other *                     | 2,224,596  | 2,243,678  |      | 2,309,695  | 2,309,695    | 2,419,720  | 2,338,350   | 2,476,881  | 28,655      | 57,161    | 7.8%                 | 1.8%                 |
| Total Funds                             | 34,828,985 | 37,335,181 |      | 39,639,920 | 39,639,920   | 36,871,608 | 39,665,590  | 36,924,930 | 25,670      | 53,322    | 6.1%                 | 0.1%                 |
| 5501 State Lands                        |            |            |      |            |              |            |             |            |             |           |                      |                      |
| General Fund                            | 14,493,114 | 10,309,154 |      | 8,412,430  | 8,412,430    | 8,454,055  | 8,177,035   | 7,910,916  | (235,395)   | (543,139) | -35.1%               | -4.6%                |
| State Special                           | 4,551,618  | 4,913,281  |      | 9,030,958  | 9,030,958    | 5,420,215  | 9,099,009   | 5,493,386  | 68,051      | 73,171    | 54.2%                | 1.0%                 |
| Federal Revenue                         | 4,190,897  | 4,655,808  |      | 6,895,285  | 6,895,285    | 6,930,999  | 6,889,035   | 6,930,999  | (6,250)     | 0         | 56.2%                | 0.0%                 |
| Capital Projects                        | 43,517     | 44,657     |      | 0          | 0            | 0          | 0           | 0          | 0           | 0         | -100.0%              | -100.0%              |
| Proprietary/Other *                     | 234,675    | 353,898    |      | 457,376    | 457,376      | 505,278    | 463,548     | 517,564    | 6,172       | 12,286    | 66.7%                | 1.9%                 |
| Total Funds                             | 23,513,821 | 20,276,797 |      | 24,796,049 | 24,796,049   | 21,310,547 | 24,628,627  | 20,852,865 | (167,422)   | (457,682) | 3.9%                 | -1.4%                |
| 5603 Livestock                          |            |            |      |            |              |            |             |            |             |           |                      |                      |
| General Fund                            | 763,344    | 549,933    |      | 454,596    | 454,596      | 451,078    | 321,017     | 129,741    | (133,579)   | (321,337) | -65.7%               | -50.2%               |
| State Special                           | 3,996,755  | 4,293,578  |      | 4,736,148  | 4,736,148    | 4,871,698  | 4,773,919   | 4,921,525  | 37,771      | 49,827    | 16.9%                | 0.9%                 |
| Federal Revenue                         | 324,182    | 338,626    |      | 359,836    | 359,836      | 366,705    | 254,268     | 25,000     | (105,568)   | (341,705) | -57.9%               | -61.6%               |
| Proprietary/Other *                     | 0          | 0          |      | 0          | 0            | 0          | 4,409       | 8,782      | 4,409       | 8,782     | NA                   | NA                   |
| Total Funds                             | 5,084,281  | 5,182,136  |      | 5,550,580  | 5,550,580    | 5,689,481  | 5,353,613   | 5,085,048  | (196,967)   | (604,433) | 1.7%                 | -7.1%                |
| 5706 Natural Resources and Conservation |            |            |      |            |              |            |             |            |             |           |                      |                      |
| General Fund                            | 4,245,419  | 4,435,613  |      | 3,350,171  | 3,350,171    | 3,383,074  | 3,009,149   | 3,058,988  | (341,022)   | (324,086) | -30.1%               | -9.9%                |
| State Special                           | 28,630,238 | 25,013,107 |      | 11,365,862 | 11,365,862   | 8,635,737  | 11,366,671  | 8,681,460  | 809         | 45,723    | -62.6%               | 0.2%                 |
| Federal Revenue                         | 3,170,219  | 4,221,260  |      | 13,130,630 | 13,130,630   | 1,226,417  | 13,130,630  | 1,226,417  | 0           | 0         | 94.2%                | 0.0%                 |
| Proprietary/Other *                     | 0          | 0          |      | 0          | 0            | 0          | 6,578       | 13,099     | 6,578       | 13,099    | NA                   | NA                   |
| Expendable Trust                        | 0          | 0          |      | 397,569    | 397,569      | 0          | 397,569     | 0          | 0           | 0         | NA                   | 0.0%                 |
| Total Funds                             | 36,045,876 | 33,669,979 |      | 28,244,232 | 28,244,232   | 13,245,228 | 27,910,597  | 12,979,964 | (333,635)   | (265,264) | -41.3%               | -1.4%                |

| Agency              | Actual     |            | Appropriated |            | Recommended |            | Differences |             | Biennial % Change |                      |
|---------------------|------------|------------|--------------|------------|-------------|------------|-------------|-------------|-------------------|----------------------|
|                     | FY92       | FY93       | FY94         | FY95       | FY94        | FY95       | FY94        | FY95        | 93 Actual         | 95 Rec/<br>95 Approp |
| 6201 Agriculture    |            |            |              |            |             |            |             |             |                   |                      |
| General Fund        | 1,135,039  | 969,822    | 533,464      | 468,636    | 479,966     | 421,499    | (53,498)    | (47,137)    | -57.2%            | -10.0%               |
| State Special       | 4,492,733  | 4,133,574  | 6,811,726    | 6,038,920  | 6,811,458   | 6,038,438  | (268)       | (482)       | 49.0%             | 0.0%                 |
| Federal Revenue     | 523,372    | 705,396    | 598,893      | 528,876    | 598,893     | 528,876    | 0           | 0           | -8.2%             | 0.0%                 |
| Proprietary/Other * | 5,859      | 1,499,090  | 224,315      | 224,813    | 228,129     | 232,410    | 3,814       | 7,597       | -69.4%            | 2.5%                 |
| Expendable Trust    | 280,090    | 292,424    | 66,302       | 65,247     | 66,302      | 65,247     | 0           | 0           | -77.0%            | 0.0%                 |
| Total Funds         | 6,437,092  | 7,600,306  | 8,234,700    | 7,326,492  | 8,184,748   | 7,286,470  | (49,952)    | (40,022)    | 10.2%             | -0.6%                |
| 6501 Commerce       |            |            |              |            |             |            |             |             |                   |                      |
| General Fund        | 2,739,196  | 2,516,694  | 1,536,887    | 1,550,784  | 1,426,519   | 1,440,215  | (110,368)   | (110,569)   | -45.5%            | -7.2%                |
| State Special       | 15,093,142 | 16,154,274 | 18,270,575   | 16,684,155 | 18,269,895  | 16,682,929 | (680)       | (1,226)     | 11.9%             | 0.0%                 |
| Federal Revenue     | 17,184,971 | 19,741,544 | 30,584,836   | 31,050,722 | 30,584,836  | 31,050,722 | 0           | 0           | 66.9%             | 0.0%                 |
| Proprietary/Other * | 42,230,131 | 52,447,654 | 14,394,775   | 13,662,188 | 14,419,313  | 12,697,478 | 24,538      | (964,710)   | -71.4%            | -3.4%                |
| Total Funds         | 77,247,440 | 90,860,165 | 64,787,073   | 62,947,849 | 64,700,563  | 61,871,344 | (86,510)    | (1,076,505) | -24.7%            | -0.9%                |

\* May include SFCAP authority that has not been allocated to the various funds of the agency.



## Department of Fish, Wildlife & Parks

### ADMINISTRATION & FINANCE DIV

5201-01

#### ITEM

- **HB2 Language for Review of In-House Duplicating Facilities**  
 "The department of fish, wildlife and parks shall, in consultation with the department of administration, review the cost-effectiveness, along with other relevant considerations, of operating their in-house duplicating facilities compared to department of administration services. The department of fish, wildlife and parks shall report its conclusions, along with the department of administration comments, to the office of budget and program planning and the office of legislative fiscal analyst by June 1, 1994 and to the 1995 natural resource and commerce joint appropriations subcommittee."

## Department of State Lands

### CENTRAL MANAGEMENT PROGRAM

5501-01

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference       |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|------------------|
| <b>FTE</b>           | <b>31.76</b>         | <b>30.26</b>        | <b>(1.50)</b>   | <b>32.35</b>         | <b>29.35</b>        | <b>(3.00)</b>    |
| Personal Services    | 1,122,403            | 1,069,403           | (53,000)        | 1,162,068            | 1,054,068           | (108,000)        |
| Operating Expenses   | 607,254              | 607,254             | 0               | 600,302              | 600,302             | 0                |
| Equipment            | 18,300               | 18,300              | 0               | 8,500                | 8,500               | 0                |
| Grants               | 265,000              | 265,000             | 0               | 265,000              | 0                   | (265,000)        |
| Transfers            | 183,009              | 183,009             | 0               | 107,949              | 107,949             | 0                |
| <b>Total Costs</b>   | <b>2,195,966</b>     | <b>2,142,966</b>    | <b>(53,000)</b> | <b>2,143,819</b>     | <b>1,770,819</b>    | <b>(373,000)</b> |
| General Fund         | 1,461,156            | 1,408,156           | (53,000)        | 1,360,767            | 987,767             | (373,000)        |
| State Special        | 156,891              | 156,891             | 0               | 156,006              | 156,006             | 0                |
| Federal Special      | 120,543              | 120,543             | 0               | 121,768              | 121,768             | 0                |
| Capital Projects     | 0                    | 0                   | 0               | 0                    | 0                   | 0                |
| Proprietary Fund     | 457,376              | 457,376             | 0               | 505,278              | 505,278             | 0                |
| <b>Total Funding</b> | <b>2,195,966</b>     | <b>2,142,966</b>    | <b>(53,000)</b> | <b>2,143,819</b>     | <b>1,770,819</b>    | <b>(373,000)</b> |

#### ITEM

- **Reorganization and Reduction of Personnel**  
 Reduction of 3.00 FTE through restructuring and reassignment of responsibilities within the central management division.  

FY94      FY95

(53,000)    (108,000)
- **Repeal the State Land Equalization Payment Statute**  
 The state reimburses 18 counties for their estimated tax loss on school trust lands. These 18 counties qualify for state payment by meeting the minimum of at least 6 percent of taxable acreage in state trust lands. Elimination of this statute will provide a general fund savings of \$265,000 in FY95. By statute the payment to the impacted counties must be made by December 1; therefore, there will be no savings in FY94. FY92 payments ranged from approximately \$600 to \$87,000.  

0      (265,000)

**LAND ADMINISTRATION PGM**

**5501-04**

| Budget Item          | FY94             | FY94             | Difference      | FY95             | FY95             | Difference      |
|----------------------|------------------|------------------|-----------------|------------------|------------------|-----------------|
|                      | Appropriated     | Recommended      |                 | Appropriated     | Recommended      |                 |
| <b>FTE</b>           | <b>31.50</b>     | <b>31.00</b>     | <b>(0.50)</b>   | <b>31.50</b>     | <b>30.50</b>     | <b>(1.00)</b>   |
| Personal Services    | 941,218          | 923,446          | (17,772)        | 958,468          | 922,923          | (35,545)        |
| Operating Expenses   | 297,311          | 297,311          | 0               | 284,871          | 284,871          | 0               |
| Equipment            | 48,400           | 48,400           | 0               | 41,791           | 41,791           | 0               |
| Capital Outlay       | 5,000            | 5,000            | 0               | 5,000            | 5,000            | 0               |
| <b>Total Costs</b>   | <b>1,291,929</b> | <b>1,274,157</b> | <b>(17,772)</b> | <b>1,290,130</b> | <b>1,254,585</b> | <b>(35,545)</b> |
| General Fund         | 977,544          | 959,772          | (17,772)        | 971,412          | 935,867          | (35,545)        |
| State Special        | 314,385          | 314,385          | 0               | 318,718          | 318,718          | 0               |
| Federal Special      | 0                | 0                | 0               | 0                | 0                | 0               |
| <b>Total Funding</b> | <b>1,291,929</b> | <b>1,274,157</b> | <b>(17,772)</b> | <b>1,290,130</b> | <b>1,254,585</b> | <b>(35,545)</b> |

**ITEM**

**FY94**

**FY95**

- **Restructure Trust Oversight**  
Eliminate position #180 and move the recreational use program responsibilities of the position to a position supported with the recreation use state special revenue.  
(17,772)      (35,545)

**FORESTRY**

**5501-25**

| Budget Item          | FY94              | FY94              | Difference       | FY95              | FY95              | Difference      |
|----------------------|-------------------|-------------------|------------------|-------------------|-------------------|-----------------|
|                      | Appropriated      | Recommended       |                  | Appropriated      | Recommended       |                 |
| <b>FTE</b>           | <b>242.58</b>     | <b>242.08</b>     | <b>(0.50)</b>    | <b>244.08</b>     | <b>243.08</b>     | <b>(1.00)</b>   |
| Personal Services    | 6,876,623         | 6,838,637         | (37,986)         | 7,039,581         | 6,994,581         | (45,000)        |
| Operating Expenses   | 2,769,319         | 2,719,472         | (49,847)         | 2,881,104         | 2,869,223         | (11,881)        |
| Equipment            | 825,644           | 818,144           | (7,500)          | 746,918           | 743,473           | (3,445)         |
| Transfers            | 100,000           | 93,750            | (6,250)          | 100,000           | 100,000           | 0               |
| <b>Total Costs</b>   | <b>10,571,586</b> | <b>10,470,003</b> | <b>(101,583)</b> | <b>10,767,603</b> | <b>10,707,277</b> | <b>(60,326)</b> |
| General Fund         | 5,973,730         | 5,809,276         | (164,454)        | 6,121,876         | 5,987,431         | (134,445)       |
| State Special        | 3,637,476         | 3,706,597         | 69,121           | 3,677,174         | 3,751,293         | 74,119          |
| Federal Special      | 960,380           | 954,130           | (6,250)          | 968,553           | 968,553           | 0               |
| <b>Total Funding</b> | <b>10,571,586</b> | <b>10,470,003</b> | <b>(101,583)</b> | <b>10,767,603</b> | <b>10,707,277</b> | <b>(60,326)</b> |

**ITEM**

**FY94**

**FY95**

- **Restructure the Nursery and Grounds Program and Eliminate the Bureau Chief Position**  
The responsibilities of the Nursery and Grounds Bureau Chief will be restructured and redistributed to other bureaus within the Forestry Division.  
(30,000)      (45,000)
- **Revise the Slash Law**  
The slash law will be revised to shift the compliance responsibility to the landowner or operator. This change will eliminate the hazard reduction agreement and will reduce the inspection requirements and workload generated by an increasing harvest of forest products from private lands to match existing FTE.  
(69,121)      (74,119)

Revision of the law will eliminate the bond resulting in a savings to the private land owner. Private landowners will continue to pay \$0.60 per 1,000 board feet for administration of the slash law. General fund will be replaced with state special revenue.

- Forestry Division Reduction** (65,333) (15,326)  
 Because of the light fire season, the Forestry Division was able to reduce its general fund supported fire operating budget by \$65,333 in FY94 and \$15,326 in FY95. In addition, a \$6,250 reduction of federal fire reimbursement authority will result in a \$6,250 general fund revenue increase shown on the balance sheet for FY94. Total general fund reductions will be \$71,583 for FY94.

## Department of Livestock

### CENTRALIZED SERVICES PROGRAM

5603-01

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference  | FY95<br>Appropriated | FY95<br>Recommended | Difference  |
|----------------------|----------------------|---------------------|-------------|----------------------|---------------------|-------------|
| <b>FTE</b>           | <b>10.00</b>         | <b>10.00</b>        | <b>0.00</b> | <b>10.00</b>         | <b>10.00</b>        | <b>0.00</b> |
| Personal Services    | 362,786              | 362,786             | 0           | 368,446              | 368,446             | 0           |
| Operating Expenses   | 190,511              | 190,511             | 0           | 168,940              | 168,940             | 0           |
| Equipment            | 32,760               | 32,760              | 0           | 21,613               | 21,613              | 0           |
| <b>Total Costs</b>   | <b>586,057</b>       | <b>586,057</b>      | <b>0</b>    | <b>558,999</b>       | <b>558,999</b>      | <b>0</b>    |
| General Fund         | 56,729               | 11,129              | (45,600)    | 50,516               | 5,408               | (45,108)    |
| State Special        | 494,828              | 558,120             | 63,292      | 472,983              | 553,591             | 80,608      |
| Federal Special      | 34,500               | 16,808              | (17,692)    | 35,500               | 0                   | (35,500)    |
| <b>Total Funding</b> | <b>586,057</b>       | <b>586,057</b>      | <b>0</b>    | <b>558,999</b>       | <b>558,999</b>      | <b>0</b>    |

#### ITEM

FY94

FY95

- Replace General Fund with State Special Revenue** (45,600) (45,108)  
 Replacing general fund authority with state special revenue. There are sufficient funds in the department's state special revenue account to cover the funding switch.
- Elimination of the Meat and Poultry Inspection Program**  
 The federal funds received for the Meat and Poultry Inspection Program provide indirect funding support to the Centralized Services Division. There is \$17,692 in FY94 and \$35,500 in FY95 of federal funding replaced with state special revenue.

# MEAT INSPECTION PROGRAM

5603-10

| Budget Item        | FY94<br>Appropriated | FY94<br>Recommended | Difference | FY95<br>Appropriated | FY95<br>Recommended | Difference |
|--------------------|----------------------|---------------------|------------|----------------------|---------------------|------------|
| FTE                | 15.50                | 10.85               | (4.65)     | 15.50                | 0.00                | (15.50)    |
| Personal Services  | 415,813              | 293,064             | (122,749)  | 424,667              | 0                   | (424,667)  |
| Operating Expenses | 180,829              | 106,936             | (73,893)   | 184,920              | 0                   | (184,920)  |
| Equipment          | 3,618                | 0                   | (3,618)    | 1,937                | 0                   | (1,937)    |
| Total Costs        | 600,260              | 400,000             | (200,260)  | 611,524              | 0                   | (611,524)  |
| General Fund       | 270,365              | 182,490             | (87,875)   | 276,042              | 0                   | (276,042)  |
| State Special      | 29,559               | 5,050               | (24,509)   | 29,277               | 0                   | (29,277)   |
| Federal Special    | 300,336              | 212,460             | (87,876)   | 306,205              | 0                   | (306,205)  |
| Total Funding      | 600,260              | 400,000             | (200,260)  | 611,524              | 0                   | (611,524)  |

## ITEM

FY94

FY95

### • Eliminate the State Meat and Poultry Inspection Program

(87,875)

(276,042)

The Meat and Poultry Inspection Program is funded 50 percent general fund and 50 percent federal special revenue. The Montana Meat and Poultry Inspection Act of 1987 (HB814) provided for the implementation and enforcement of a state meat inspection program that is "equal to" the inspection program maintained by the U. S. Department of Agriculture, Food Safety Inspection Service. Meat inspection services will continue with the elimination of the state program and will be provided by the U. S. Department of Agriculture (USDA).

The Meat Inspection Program reductions in HB2 will be reflected in program 10 and program 99 for HB198 authority.

## Department of Natural Resources & Conservation

### CENTRALIZED SERVICES

5706-21

| Budget Item        | FY94<br>Appropriated | FY94<br>Recommended | Difference | FY95<br>Appropriated | FY95<br>Recommended | Difference |
|--------------------|----------------------|---------------------|------------|----------------------|---------------------|------------|
| FTE                | 35.50                | 34.50               | (1.00)     | 35.50                | 33.50               | (2.00)     |
| Personal Services  | 1,245,210            | 1,211,894           | (33,316)   | 1,264,080            | 1,196,204           | (67,876)   |
| Operating Expenses | 519,688              | 519,688             | 0          | 473,526              | 473,526             | 0          |
| Equipment          | 7,899                | 7,899               | 0          | 8,018                | 8,018               | 0          |
| Debt Service       | 10,634               | 10,634              | 0          | 10,634               | 10,634              | 0          |
| Total Costs        | 1,783,431            | 1,750,115           | (33,316)   | 1,756,258            | 1,688,382           | (67,876)   |
| General Fund       | 822,441              | 789,125             | (33,316)   | 836,063              | 768,187             | (67,876)   |
| State Special      | 839,068              | 839,068             | 0          | 842,389              | 842,389             | 0          |
| Federal Special    | 121,922              | 121,922             | 0          | 77,806               | 77,806              | 0          |
| Total Funding      | 1,783,431            | 1,750,115           | (33,316)   | 1,756,258            | 1,688,382           | (67,876)   |

**ITEM**

**FY94**

**FY95**

- **Restructure Centralized Services**

(13,924)

(28,535)

Position #20250 is a graphic artist tech position that recently became vacant and will be eliminated as part of the restructuring within the Centralized Services Division. Current services will be maintained.

- **Restructure Legal Services**

(19,392)

(39,341)

Position #10140, an attorney position, will be eliminated. The individual in the position has transferred to another position within the division.

**CONSERVATION/RESOURCE DEV DIV**

**5706-23**

| Budget Item          | FY94             | FY94             | Difference      | FY95             | FY95             | Difference     |
|----------------------|------------------|------------------|-----------------|------------------|------------------|----------------|
|                      | Appropriated     | Recommended      |                 | Appropriated     | Recommended      |                |
| <b>FTE</b>           | <b>18.50</b>     | <b>18.50</b>     | <b>0.00</b>     | <b>18.50</b>     | <b>18.50</b>     | <b>0.00</b>    |
| Personal Services    | 622,713          | 622,713          | 0               | 634,154          | 634,154          | 0              |
| Operating Expenses   | 451,305          | 397,880          | (53,425)        | 364,910          | 361,485          | (3,425)        |
| Equipment            | 22,428           | 22,428           | 0               | 22,492           | 22,492           | 0              |
| Local Assistance     | 205,000          | 205,000          | 0               | 205,000          | 205,000          | 0              |
| Grants               | 173,173          | 173,173          | 0               | 173,228          | 173,228          | 0              |
| Debt Service         | 2,564            | 2,564            | 0               | 2,564            | 2,564            | 0              |
| <b>Total Costs</b>   | <b>1,477,183</b> | <b>1,423,758</b> | <b>(53,425)</b> | <b>1,402,348</b> | <b>1,398,923</b> | <b>(3,425)</b> |
| General Fund         | 0                | 0                | 0               | 0                | 0                | 0              |
| State Special        | 1,369,911        | 1,316,486        | (53,425)        | 1,312,711        | 1,309,286        | (3,425)        |
| Federal Special      | 107,272          | 107,272          | 0               | 89,637           | 89,637           | 0              |
| <b>Total Funding</b> | <b>1,477,183</b> | <b>1,423,758</b> | <b>(53,425)</b> | <b>1,402,348</b> | <b>1,398,923</b> | <b>(3,425)</b> |

**ITEM**

- **Eliminate Clean Coal Program**

In the 1993 legislative session, the Conservation and Resource Development Division received a \$50,000 biennial appropriation of RIT monies and \$6,850 (\$3,425 each year) of local impact monies to evaluate a probable clean coal technology application to build a MHD plant in conjunction with an existing coal-fired generating plant in Billings. The project was not chosen by the federal government as one of the clean coal technologies that would receive federal monies, so it is extremely unlikely that such a plant will be built. It is proposed that the Clean Coal Program within the division be eliminated, that the appropriated funds be used to offset general fund in the Water Resource Division, and that the interest in the clean coal account be de-earmarked and allowed to flow into the general fund. See additional information under Long-Range Planning.

# WATER RESOURCES DIVISION

5706-24

| Budget Item          | FY94              | FY94              | Difference       | FY95             | FY95             | Difference       |
|----------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|
|                      | Appropriated      | Recommended       |                  | Appropriated     | Recommended      |                  |
| <b>FTE</b>           | <b>117.50</b>     | <b>114.50</b>     | <b>(3.00)</b>    | <b>117.50</b>    | <b>111.50</b>    | <b>(6.00)</b>    |
| Personal Services    | 3,924,841         | 3,838,818         | (86,023)         | 3,993,161        | 3,821,113        | (172,048)        |
| Operating Expenses   | 1,873,396         | 1,738,396         | (135,000)        | 1,586,465        | 1,586,465        | 0                |
| Equipment            | 103,657           | 103,657           | 0                | 74,170           | 74,170           | 0                |
| Capital Outlay       | 13,281,000        | 13,281,000        | 0                | 0                | 0                | 0                |
| Grants               | 0                 | 0                 | 0                | 0                | 0                | 0                |
| Debt Service         | 378,744           | 378,744           | 0                | 8,744            | 8,744            | 0                |
| <b>Total Costs</b>   | <b>19,561,638</b> | <b>19,340,615</b> | <b>(221,023)</b> | <b>5,662,540</b> | <b>5,490,492</b> | <b>(172,048)</b> |
| General Fund         | 1,977,732         | 1,699,534         | (278,198)        | 2,011,376        | 1,785,903        | (225,473)        |
| State Special        | 6,275,151         | 6,332,326         | 57,175           | 3,597,846        | 3,651,271        | 53,425           |
| Federal Special      | 11,308,755        | 11,308,755        | 0                | 53,318           | 53,318           | 0                |
| <b>Total Funding</b> | <b>19,561,638</b> | <b>19,340,615</b> | <b>(221,023)</b> | <b>5,662,540</b> | <b>5,490,492</b> | <b>(172,048)</b> |

## ITEM

- |  |                  |                 |
|--|------------------|-----------------|
|  | <b>FY94</b>      | <b>FY95</b>     |
| <ul style="list-style-type: none"> <li> <b>Adjudication Program Reduction</b><br/> Eliminate four of the 17 regional office positions in the adjudication program. The Water Resources Division has been verifying claims faster than the Water Court can process them. The staff reduction will reduce the number of claims sent to the Water Court and reduce the number of unprocessed claims. </li> </ul>  | <b>(48,328)</b>  | <b>(96,658)</b> |
| <ul style="list-style-type: none"> <li> <b>USGS Cooperative Program and Groundwater Services - Funding Switch</b><br/> During the 1993 legislative session, the Montana Bureau of Mines and Geology (MBMG) was appropriated \$666,000 per year or 14.1 percent of RIT proceeds for program expansion. It is recommended that the funding for the expansion program be reduced by \$50,000 in each year of the biennium. The \$50,000 per year of RIT proceeds would be appropriated to the Water Resources Division to replace an equal amount of general fund in the USGS cooperative stream gauging program and other groundwater services.<br/><br/> Because MBMG will experience the actual program reduction, the biennial reduction of \$100,000 of RIT is to be included under the Montana University System. The general fund decrease and like amount of RIT increase is budgeted in this program. SB94 from the 1991 legislative session allocated the 14.1 percent of the RIT proceeds to MBMG. </li> </ul>                               | <b>(50,000)</b>  | <b>(50,000)</b> |
| <ul style="list-style-type: none"> <li> <b>Postpone the Lower Missouri Water Reservation EIS</b><br/> Many of the water demand/shortage issues that drove the water reservations process in other basins are not as critical in the Lower Missouri. The department has enough information in the applications for water reservations to present a credible defense of future water needs (relative to the needs of downstream states) even if this effort were terminated. Terminating the process, however, may not be politically viable because of the expectations of the conservation districts and cities that the process will eventually be completed. Postponing the process would result in the loss of 2.00 FTE when the draft EIS is finished at 1993 calendar year end. The \$135,000 biennial appropriation for the final EIS work, printing, mailing notices, and holding a contested case hearing will be saved. The statutory date for completion of this basin will need to be changed to June 30, 1997, or be deleted </li> </ul> | <b>(126,445)</b> | <b>(75,390)</b> |

pending future executive and legislative consideration. This action will reflect a state special revenue reduction of \$172,695 in FY94 and \$75,390 in FY95, which will be used to offset \$126,445 in FY94 and \$75,390 in FY95 of general fund supported activities within the division. The \$46,250 of state special revenue received from the Department of Fish, Wildlife and Parks for this project will be returned.

(53,425) (3,425)

- **Elimination of the Clean Coal Program**

It is proposed that the Clean Coal Program within the Conservation/Resource Development Division be eliminated, and the appropriated RIT funds be used to offset general fund in the Water Resource Division. This would be a funding switch of \$53,425 in FY94 and \$3,425 in FY95.

## ENERGY DIVISION

5706-26

| Budget Item          | FY94             | FY94             | Difference      | FY95             | FY95             | Difference      |
|----------------------|------------------|------------------|-----------------|------------------|------------------|-----------------|
|                      | Appropriated     | Recommended      |                 | Appropriated     | Recommended      |                 |
| <b>FTE</b>           | <b>37.00</b>     | <b>36.00</b>     | <b>(1.00)</b>   | <b>37.00</b>     | <b>36.00</b>     | <b>(1.00)</b>   |
| Personal Services    | 1,307,289        | 1,279,095        | (28,194)        | 1,327,880        | 1,299,686        | (28,194)        |
| Operating Expenses   | 1,726,009        | 1,727,953        | 1,944           | 1,295,780        | 1,297,724        | 1,944           |
| Equipment            | 12,991           | 12,991           | 0               | 13,108           | 13,108           | 0               |
| Grants               | 710,000          | 710,000          | 0               | 110,000          | 110,000          | 0               |
| Debt Service         | 6,485            | 6,485            | 0               | 6,485            | 6,485            | 0               |
| <b>Total Costs</b>   | <b>3,762,774</b> | <b>3,736,524</b> | <b>(26,250)</b> | <b>2,753,253</b> | <b>2,727,003</b> | <b>(26,250)</b> |
| General Fund         | 549,998          | 523,748          | (26,250)        | 535,635          | 509,385          | (26,250)        |
| State Special        | 1,222,526        | 1,222,526        | 0               | 1,211,962        | 1,211,962        | 0               |
| Federal Special      | 1,592,681        | 1,592,681        | 0               | 1,005,656        | 1,005,656        | 0               |
| Expendable Trust     | 397,569          | 397,569          | 0               | 0                | 0                | 0               |
| <b>Total Funding</b> | <b>3,762,774</b> | <b>3,736,524</b> | <b>(26,250)</b> | <b>2,753,253</b> | <b>2,727,003</b> | <b>(26,250)</b> |

### ITEM

- **Eliminate Consumer Info & Central Business Activities**

The division will eliminate an Energy Education Specialist position # 42030. The staff person was performing work under the U. S. Department of Energy's Energy Extension Service grant. The grant plan will be amended to drop the Consumer Information and Central Business District program measures and will add Energy Emergency Preparedness which was previously supported with general fund. The state's capacity to anticipate and respond to an energy emergency is a higher priority than to maintain the services provided by the program measures described above.

**FY94** **FY95**  
(26,250) (26,250)

# Department of Agriculture

## AG & BIO SCIENCES DIVISION

6201-30

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference      |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|-----------------|
| <b>FTE</b>           | <b>38.00</b>         | <b>38.00</b>        | <b>0.00</b>     | <b>36.67</b>         | <b>36.67</b>        | <b>0.00</b>     |
| Personal Services    | 1,199,941            | 1,199,941           | 0               | 1,186,942            | 1,186,942           | 0               |
| Operating Expenses   | 699,256              | 645,910             | (53,346)        | 661,162              | 614,299             | (46,863)        |
| Equipment            | 153,678              | 153,678             | 0               | 153,205              | 153,205             | 0               |
| Grants               | 2,229,807            | 2,229,807           | 0               | 1,375,680            | 1,375,680           | 0               |
| <b>Total Costs</b>   | <b>4,282,682</b>     | <b>4,229,336</b>    | <b>(53,346)</b> | <b>3,376,989</b>     | <b>3,330,126</b>    | <b>(46,863)</b> |
| General Fund         | 54,764               | 1,418               | (53,346)        | 62,780               | 15,917              | (46,863)        |
| State Special        | 3,709,050            | 3,709,050           | 0               | 2,866,080            | 2,866,080           | 0               |
| Federal Special      | 518,868              | 518,868             | 0               | 448,129              | 448,129             | 0               |
| <b>Total Funding</b> | <b>4,282,682</b>     | <b>4,229,336</b>    | <b>(53,346)</b> | <b>3,376,989</b>     | <b>3,330,126</b>    | <b>(46,863)</b> |

### ITEM

- Pesticide Program Reductions**

**FY94**  
**(53,346)**      **FY95**  
**(46,863)**

The reduction in general fund requires reallocation of state special pesticide funds eliminating the pesticide retailer/homeowners, pesticide and pest education program in FY94 and reducing it to below half in FY95. This program, conducted by contract with the Extension Service and budgeted at \$20,000 per year, provides education on proper use of pesticides around homes, yards, and gardens. It also provides information on alternatives to pesticides, pest identification and control through integrated pest management techniques.

The vertebrate pest program activities will be reduced by decreasing the number of field trials and assessments on new rodenticides or new uses of existing rodenticides. Traditionally the program conducted 30 to 50 demonstrations for farmers and ranchers per year on proper uses, timing and application of rodenticide alternatives. These would be reduced to 15 to 25 demonstrations per year.

Basic operational costs of the agricultural chemical groundwater program will also be reallocated within the state special revenue fund due to the reduction in the general fund.

Total general fund reductions will be \$100,209 for the biennium.



# Department of Commerce

## ECONOMIC DEVELOPMENT

6501-51

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference       | FY95<br>Appropriated | FY95<br>Recommended | Difference       |
|----------------------|----------------------|---------------------|------------------|----------------------|---------------------|------------------|
| FTE                  | 19.00                | 18.00               | (1.00)           | 19.00                | 18.00               | (1.00)           |
| Personal Services    | 673,631              | 616,609             | (57,022)         | 687,247              | 630,225             | (57,022)         |
| Operating Expenses   | 787,995              | 735,017             | (52,978)         | 776,650              | 723,672             | (52,978)         |
| Equipment            | 17,783               | 17,783              | 0                | 17,783               | 17,783              | 0                |
| Grants               | 2,218,037            | 2,218,037           | 0                | 2,158,037            | 2,158,037           | 0                |
| Transfers            | 0                    | 0                   | 0                | 0                    | 0                   | 0                |
| <b>Total Costs</b>   | <b>3,697,446</b>     | <b>3,587,446</b>    | <b>(110,000)</b> | <b>3,639,717</b>     | <b>3,529,717</b>    | <b>(110,000)</b> |
| General Fund         | 636,446              | 526,446             | (110,000)        | 643,751              | 533,751             | (110,000)        |
| State Special        | 581,835              | 581,835             | 0                | 513,711              | 513,711             | 0                |
| Federal Special      | 2,479,165            | 2,479,165           | 0                | 2,482,255            | 2,482,255           | 0                |
| Non-expendable Trust | 0                    | 0                   | 0                | 0                    | 0                   | 0                |
| <b>Total Funding</b> | <b>3,697,446</b>     | <b>3,587,446</b>    | <b>(110,000)</b> | <b>3,639,717</b>     | <b>3,529,717</b>    | <b>(110,000)</b> |

### ITEM

- Economic Development Division Reorganization**  
 Through reorganization, the Economic Development Division (formerly the Business Development Division) is taking on a new economic development focus and will be managed directly by the department's director and deputy director. International and domestic trade office activities will continue through an international affairs coordinator and newly-created regional development officers. The Canadian and Tokyo trade offices have been closed. Kumomoto and Taipei will remain open as long as the offices are effective, and if Growth Through Agriculture grants and accommodation tax funds are available to support the program. General fund savings will be \$110,000 each year of the biennium and 1.00 FTE has been eliminated.

**FY94**      **FY95**  
**(110,000)**      **(110,000)**

## LOCAL GOVT AUDIT & SYSTEMS BUR

6501-62

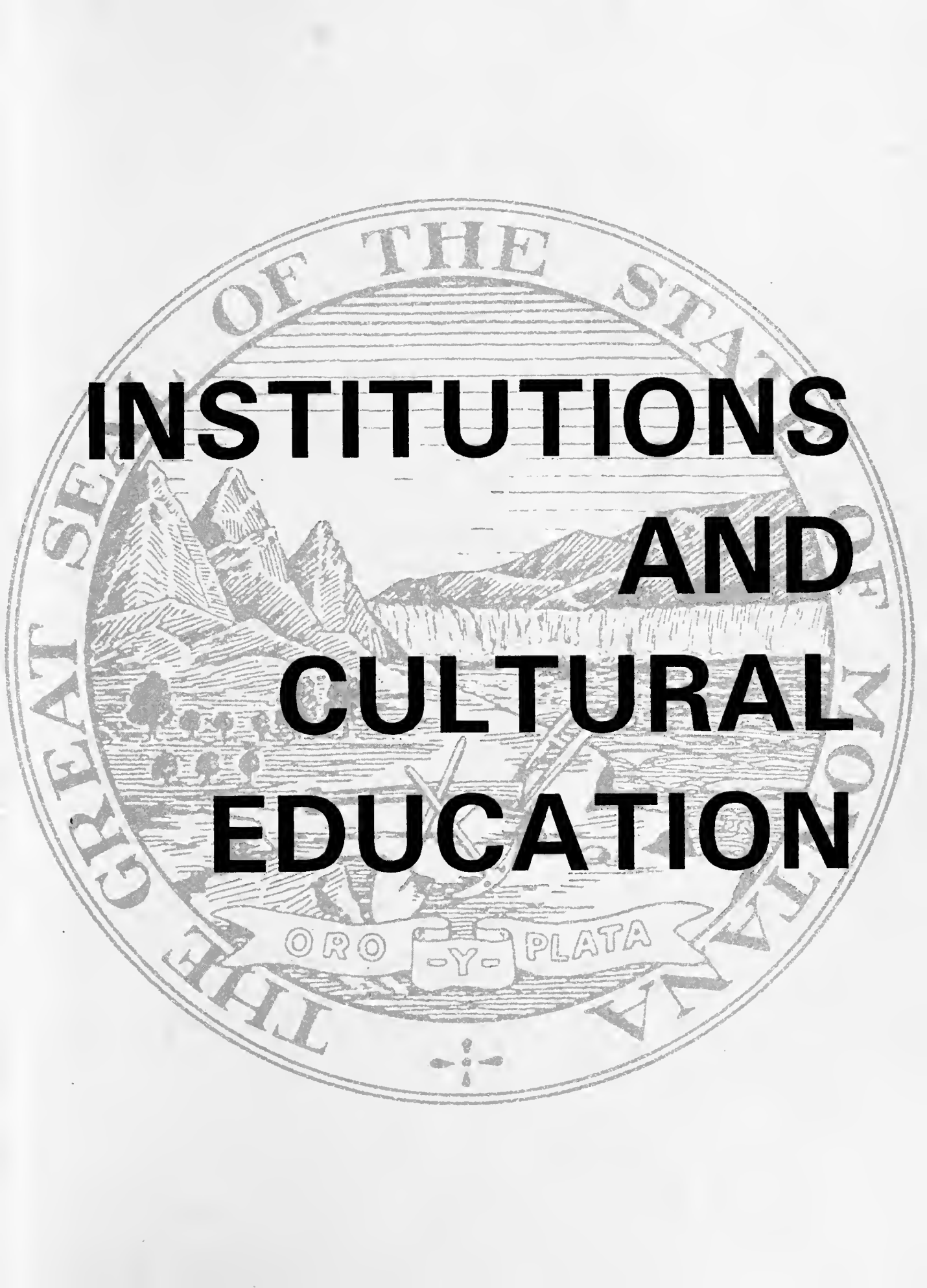
| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference | FY95<br>Appropriated | FY95<br>Recommended | Difference         |
|----------------------|----------------------|---------------------|------------|----------------------|---------------------|--------------------|
| FTE                  | 29.00                | 29.00               | 0.00       | 29.00                | 3.50                | (25.50)            |
| Personal Services    | 946,831              | 946,831             | 0          | 963,411              | 163,381             | (800,030)          |
| Operating Expenses   | 335,800              | 335,800             | 0          | 346,231              | 147,414             | (198,817)          |
| Equipment            | 9,321                | 9,321               | 0          | 9,420                | 0                   | (9,420)            |
| Transfers            | 150,620              | 150,620             | 0          | 151,140              | 146,068             | (5,072)            |
| <b>Total Costs</b>   | <b>1,442,572</b>     | <b>1,442,572</b>    | <b>0</b>   | <b>1,470,202</b>     | <b>456,863</b>      | <b>(1,013,339)</b> |
| General Fund         | 144,918              | 144,918             | 0          | 146,068              | 146,068             | 0                  |
| Proprietary Fund     | 1,297,654            | 1,297,654           | 0          | 1,324,134            | 310,795             | (1,013,339)        |
| <b>Total Funding</b> | <b>1,442,572</b>     | <b>1,442,572</b>    | <b>0</b>   | <b>1,470,202</b>     | <b>456,863</b>      | <b>(1,013,339)</b> |

## ITEM

- **Local Government Services - Audit and Systems**

It is being proposed that effective July 1, 1994, the audit and audit review functions of the Local Government Services program be transferred to the Office of the Legislative Auditor (OLA). There are transferred 17.00 FTE and operating expenses supported with \$744,416 of proprietary funds. It is anticipated that, with the transfer of the audit and audit review functions to OLA and with an increase in the number of local government audits contracted to private CPA firms, there could be a reduction of 8.50 FTE and \$268,923 of proprietary account authority.

The accounting and management systems functions would remain with the Department of Commerce with a staffing level of 3.50 FTE. The systems function has responsibility for the uniform budgeting, accounting, and reporting systems used by local governments, school districts, and other special jurisdictions.

The background of the page features a large, faint, circular seal of the State of Arizona. The seal's outer ring contains the text "THE GREAT SEAL OF THE STATE OF ARIZONA" in a circular arrangement. The central image of the seal depicts a landscape with mountains, a river, and a small settlement. At the bottom of the seal, a banner reads "ORO Y PLATA" (Gold and Silver).

# **INSTITUTIONS AND CULTURAL EDUCATION**



# INSTITUTIONS AND CULTURAL EDUCATION

## OVERVIEW

| Agency                              | Actual     |            |            | Appropriated |            | Recommended |           | Differences |        | Biennial % Change    |                      |
|-------------------------------------|------------|------------|------------|--------------|------------|-------------|-----------|-------------|--------|----------------------|----------------------|
|                                     | FY92       | FY93       | FY94       | FY94         | FY95       | FY94        | FY95      | FY94        | FY95   | 95 Rec/<br>93 Actual | 95 Rec/<br>95 Approp |
| 5114 Montana Arts Council           |            |            |            |              |            |             |           |             |        |                      |                      |
| General Fund                        | 133,560    | 17,620     | 129,523    | 125,863      | 117,423    | 120,340     | (12,100)  | (5,523)     | 57.3%  | -6.9%                |                      |
| State Special                       | 664,891    | 1,093,003  | 321,934    | 215,788      | 321,934    | 215,788     | 0         | 0           | -69.4% | 0.0%                 |                      |
| Federal Revenue                     | 572,198    | 640,256    | 951,523    | 255,175      | 951,523    | 255,175     | 0         | 0           | -0.5%  | 0.0%                 |                      |
| Proprietary/Other *                 | 0          | 0          | 0          | 0            | 330        | 658         | 330       | 658         | NA     | NA                   |                      |
| Total Funds                         | 1,370,649  | 1,750,880  | 1,402,980  | 596,826      | 1,391,210  | 591,961     | (11,770)  | (4,865)     | -36.5% | -0.8%                |                      |
| 5115 Library Commission             |            |            |            |              |            |             |           |             |        |                      |                      |
| General Fund                        | 1,071,150  | 1,092,615  | 1,292,383  | 1,030,521    | 1,271,412  | 924,817     | (20,971)  | (105,704)   | 1.5%   | -5.5%                |                      |
| State Special                       | 650,115    | 653,029    | 611,183    | 501,833      | 611,049    | 501,592     | (134)     | (241)       | -14.6% | 0.0%                 |                      |
| Federal Revenue                     | 775,226    | 715,288    | 2,356,727  | 401,286      | 2,356,727  | 401,286     | 0         | 0           | 85.0%  | 0.0%                 |                      |
| Proprietary/Other *                 | 0          | 0          | 0          | 0            | 390        | 776         | 390       | 776         | NA     | NA                   |                      |
| Total Funds                         | 2,496,491  | 2,460,933  | 4,260,293  | 1,933,640    | 4,239,578  | 1,828,471   | (20,715)  | (105,169)   | 22.4%  | -2.0%                |                      |
| 5117 Historical Society             |            |            |            |              |            |             |           |             |        |                      |                      |
| General Fund                        | 1,272,410  | 1,251,475  | 1,359,318  | 1,354,725    | 1,316,274  | 1,260,717   | (43,044)  | (94,008)    | 2.1%   | -5.0%                |                      |
| State Special                       | 127,851    | 263,756    | 101,753    | 102,726      | 101,753    | 102,726     | 0         | 0           | -47.8% | 0.0%                 |                      |
| Federal Revenue                     | 453,137    | 616,450    | 714,365    | 707,380      | 714,365    | 707,380     | 0         | 0           | 46.6%  | 0.0%                 |                      |
| Proprietary/Other *                 | 532,842    | 581,273    | 582,641    | 590,817      | 583,321    | 592,216     | 680       | 1,399       | 5.5%   | 0.2%                 |                      |
| Total Funds                         | 2,386,240  | 2,612,954  | 2,758,077  | 2,755,648    | 2,715,713  | 2,663,039   | (42,364)  | (92,609)    | 7.6%   | -2.4%                |                      |
| 6401 Corrections and Human Services |            |            |            |              |            |             |           |             |        |                      |                      |
| General Fund                        | 73,565,878 | 79,086,093 | 76,624,654 | 78,376,846   | 76,380,530 | 78,263,033  | (244,124) | (113,813)   | 1.3%   | -0.2%                |                      |
| State Special                       | 5,961,183  | 5,610,949  | 6,210,706  | 6,785,220    | 6,210,553  | 6,784,944   | (153)     | (276)       | 12.3%  | 0.0%                 |                      |
| Federal Revenue                     | 6,266,150  | 5,828,884  | 6,104,793  | 6,044,230    | 6,104,793  | 6,044,230   | 0         | 0           | 0.5%   | 0.0%                 |                      |
| Proprietary/Other *                 | 3,273,952  | 3,467,723  | 3,779,435  | 4,205,000    | 3,784,874  | 4,215,816   | 5,439     | 10,816      | 18.7%  | 0.2%                 |                      |
| Total Funds                         | 89,067,163 | 93,991,649 | 92,719,588 | 95,411,296   | 92,480,750 | 95,308,023  | (238,838) | (103,273)   | 2.6%   | -0.2%                |                      |

\* May include SFCAP authority that has not been allocated to the various funds of the agency.

# Montana Arts Council

| PROMOTION OF THE ARTS   |                      |                     |                 |                      |                     | 5114-01        |
|---|----------------------|---------------------|-----------------|----------------------|---------------------|----------------|
| Budget Item   | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference     |
| FTE   | 9.97                 | 9.97                | 0.00            | 9.97                 | 9.97                | 0.00           |
| Personal Services   | 297,440              | 297,440             | 0               | 300,450              | 300,450             | 0              |
| Operating Expenses  | 444,839              | 434,489             | (10,350)        | 278,506              | 274,733             | (3,773)        |
| Equipment   | 1,520                | 1,520               | 0               | 0                    | 0                   | 0              |
| Grants  | 659,181              | 657,431             | (1,750)         | 17,870               | 16,120              | (1,750)        |
| <b>Total Costs</b>  | <b>1,402,980</b>     | <b>1,390,880</b>    | <b>(12,100)</b> | <b>596,826</b>       | <b>591,303</b>      | <b>(5,523)</b> |
| General Fund  | 129,523              | 117,423             | (12,100)        | 125,863              | 120,340             | (5,523)        |
| State Special   | 321,934              | 321,934             | 0               | 215,788              | 215,788             | 0              |
| Federal Special   | 951,523              | 951,523             | 0               | 255,175              | 255,175             | 0              |
| <b>Total Funding</b>  | <b>1,402,980</b>     | <b>1,390,880</b>    | <b>(12,100)</b> | <b>596,826</b>       | <b>591,303</b>      | <b>(5,523)</b> |
| <b>ITEM</b>   |                      |                     |                 | <b>FY94</b>          | <b>FY95</b>         |                |
| <ul style="list-style-type: none"> <li> <b>Reduce Japanese Translator Contract</b><br/> When Kumamoto artists came to Montana for an art exchange, this translator was used. An exchange will continue in 1995 and the Montana Arts Council (MAC) is waiting for an invitation from Kumamoto to know if they will be coming in 1994. The translator will not be hired in either year due to this reduction. Federal special revenue will replace general fund in the operating budget of \$2,500 in FY94 and \$2,123 in FY95. </li> </ul> |                      |                     |                 | <b>(2,500)</b>       | <b>(2,123)</b>      |                |
| <ul style="list-style-type: none"> <li> <b>Restructure Artists in Schools</b><br/> A temporary secretary for the artists in schools program is budgeted for the 1995 biennium. Too many comp time hours were accumulated and so a restructuring of the position and program will free up federal funding for artists in schools to provide this service. Federal dollars which would have funded this contract will replace general fund in the operating budget of \$2,500 each year of the biennium. </li> </ul>                        |                      |                     |                 | <b>(2,500)</b>       | <b>(2,500)</b>      |                |
| <ul style="list-style-type: none"> <li> <b>Eliminate Professional Development Training</b><br/> The MAC was budgeted in the 1995 biennium for professional development classes for staff. This reduction eliminates all training. Federal dollars intended to fund the training will replace general fund in the operating budget of \$2,000 each year of the biennium. </li> </ul>   |                      |                     |                 | <b>(2,000)</b>       | <b>(2,000)</b>      |                |
| <ul style="list-style-type: none"> <li> <b>Reduce Underwriting</b><br/> This proposal would reduce \$1,750 general fund each year of the 1995 biennium used for underwriting assistance to rural communities that want to sponsor an artistic event but may not have money to do so. The action restores rural assistance to the 1993 biennium level. </li> </ul>   |                      |                     |                 | <b>(1,750)</b>       | <b>(1,750)</b>      |                |
| <ul style="list-style-type: none"> <li> <b>Add Honorarium for Panelists</b><br/> In the grant-making process, panelists are used to make recommendations in grants selection. Of the seven or eight panels used, only out-of-state panelists are paid. The unbudgeted general fund expense <u>added</u> to the budget for in-state panelists would be \$1,650 in FY94 and \$2,850 in FY95. </li> </ul>  |                      |                     |                 | <b>1,650</b>         | <b>2,850</b>        |                |

- Reduce Governor's Arts Awards in FY94** (5,000) 0  
 The MAC Governor's Awards for the Arts are presented annually. In even-numbered years, one artist is selected to be honored for lifetime achievement. Several recipients in various categories, including service to the arts, are selected in odd-numbered years. The recipients are honored at an annual awards ceremony. The MAC will try to obtain private sponsorship to cover some of the expenses. This reduction in federal special revenue will replace \$5,000 general fund in general operations in FY94.

## Montana State Library

### STATE LIBRARY OPERATIONS

5115-01

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference       |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|------------------|
| <b>FTE</b>           | <b>24.50</b>         | <b>24.50</b>        | <b>0.00</b>     | <b>24.50</b>         | <b>24.50</b>        | <b>0.00</b>      |
| Personal Services    | 721,535              | 712,535             | (9,000)         | 727,312              | 709,312             | (18,000)         |
| Operating Expenses   | 368,214              | 368,214             | 0               | 350,629              | 350,629             | 0                |
| Equipment            | 161,955              | 155,955             | (6,000)         | 120,823              | 108,823             | (12,000)         |
| Capital Outlay       | 0                    | 0                   | 0               | 0                    | 0                   | 0                |
| Grants               | 1,789,054            | 1,784,054           | (5,000)         | 370,567              | 296,610             | (73,957)         |
| Debt Service         | 1,752                | 1,752               | 0               | 876                  | 876                 | 0                |
| <b>Total Costs</b>   | <b>3,042,510</b>     | <b>3,022,510</b>    | <b>(20,000)</b> | <b>1,570,207</b>     | <b>1,466,250</b>    | <b>(103,957)</b> |
| General Fund         | 1,292,383            | 1,272,383           | (20,000)        | 1,030,521            | 926,564             | (103,957)        |
| State Special        | 216,000              | 216,000             | 0               | 161,000              | 161,000             | 0                |
| Federal Special      | 1,534,127            | 1,534,127           | 0               | 378,686              | 378,686             | 0                |
| <b>Total Funding</b> | <b>3,042,510</b>     | <b>3,022,510</b>    | <b>(20,000)</b> | <b>1,570,207</b>     | <b>1,466,250</b>    | <b>(103,957)</b> |

### ITEM

FY94

FY95

- Additional Vacancy Savings** (9,000) (18,000)  
 An additional 2 percent personal services savings would be realized due to unanticipated positions vacated and potential temporary leave without pay during the second year of the biennium. The temporary reduction would be \$9,000 in FY94 and \$18,000 in FY95.
- Restructure Administration of State Aid** (5,000) (10,000)  
 This proposal would restructure the administration of state aid by personnel within the state library for a general fund savings of \$5,000 in FY94 and \$10,000 in FY95.
- Reduce State Aid to the 1993 Biennium Level** 0 (63,957)  
 The 1993 Legislature approved an additional biennial general fund appropriation of \$63,957 over and above the Executive Budget recommendation for grants to public libraries. This appropriation restored the per capita/per square mile grants to the \$258,621 level appropriated by the 1991 Legislature before the first special session cuts. From the 1991 biennium to the 1993 biennium, there was a 46 percent increase in total state aid appropriated, from \$566,000 to \$824,600, but the special

session reduced total aid to \$760,664. This proposal would maintain that level of aid for a general fund savings of \$63,957.

- Eliminate Institution Book Budget** (6,000) (12,000)  
 The library is budgeted for \$12,000 general fund each year for institutional library books. Savings are for six months of FY94 and all of FY95. The Department of Corrections and Human Services would be responsible for the book budget at each of its institutions of \$5,100 in FY94 and \$10,200 in FY95. The Department of Family Services would be responsible for \$900 in FY94 and \$1,800 in FY95. This recommendation would be a reduction in the library budget and an unbudgeted expense for DCHS and DFS.

## Montana Historical Society

### ADMINISTRATION PROGRAM

|                      |                      |                     |                |                      |                     |                 | 5117-01 |
|----------------------|----------------------|---------------------|----------------|----------------------|---------------------|-----------------|---------|
| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference     | FY95<br>Appropriated | FY95<br>Recommended | Difference      |         |
| FTE                  | 13.50                | 13.25               | (0.25)         | 13.50                | 13.00               | (0.50)          |         |
| Personal Services    | 381,828              | 374,634             | (7,194)        | 388,750              | 371,575             | (17,175)        |         |
| Operating Expenses   | 318,845              | 318,845             | 0              | 305,734              | 305,734             | 0               |         |
| <b>Total Costs</b>   | <b>700,673</b>       | <b>693,479</b>      | <b>(7,194)</b> | <b>694,484</b>       | <b>677,309</b>      | <b>(17,175)</b> |         |
| General Fund         | 575,481              | 568,287             | (7,194)        | 567,570              | 550,395             | (17,175)        |         |
| State Special        | 79,990               | 79,990              | 0              | 80,748               | 80,748              | 0               |         |
| Federal Special      | 45,202               | 45,202              | 0              | 46,166               | 46,166              | 0               |         |
| <b>Total Funding</b> | <b>700,673</b>       | <b>693,479</b>      | <b>(7,194)</b> | <b>694,484</b>       | <b>677,309</b>      | <b>(17,175)</b> |         |

#### ITEM

- Eliminate 0.50 FTE Accountant** (7,194) (17,175)  
 This proposal would eliminate 0.50 FTE grade 14 accountant position which was created from a portion of the deputy director position during the regular legislative session. General fund savings would be \$7,194 in FY94 and \$17,175 in FY95.

### MUSEUM PROGRAM

|                      |                      |                     |                 |                      |                     |                 | 5117-03 |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|-----------------|---------|
| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference      |         |
| FTE                  | 6.50                 | 6.00                | (0.50)          | 6.50                 | 5.50                | (1.00)          |         |
| Personal Services    | 183,898              | 169,263             | (14,635)        | 187,136              | 152,491             | (34,645)        |         |
| Operating Expenses   | 50,399               | 50,399              | 0               | 50,555               | 50,555              | 0               |         |
| Equipment            | 1,130                | 1,130               | 0               | 0                    | 0                   | 0               |         |
| <b>Total Costs</b>   | <b>235,427</b>       | <b>220,792</b>      | <b>(14,635)</b> | <b>237,691</b>       | <b>203,046</b>      | <b>(34,645)</b> |         |
| General Fund         | 216,491              | 201,856             | (14,635)        | 218,748              | 184,103             | (34,645)        |         |
| State Special        | 14,821               | 14,821              | 0               | 14,821               | 14,821              | 0               |         |
| Federal Special      | 0                    | 0                   | 0               | 0                    | 0                   | 0               |         |
| Proprietary Fund     | 4,115                | 4,115               | 0               | 4,122                | 4,122               | 0               |         |
| <b>Total Funding</b> | <b>235,427</b>       | <b>220,792</b>      | <b>(14,635)</b> | <b>237,691</b>       | <b>203,046</b>      | <b>(34,645)</b> |         |



**ITEM**

**FY94**

**FY95**

- **Eliminate Museum Preparator**

**(14,635)**

**(34,645)**

Elimination of the museum preparator grade 10 (craft/union) position would save general fund of \$14,635 in FY94 and \$34,645 in FY95. The preparator is responsible for the society's rotating and travelling exhibits program, e.g., the Cameron Photographs. Only minor maintenance of existing exhibits would continue in the future.

**HISTORICAL SITES PRESERVATION**

**5117-06**

| Budget Item          | FY94           | FY94           | Difference      | FY95           | FY95           | Difference      |
|----------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|
|                      | Appropriated   | Recommended    |                 | Appropriated   | Recommended    |                 |
| <b>FTE</b>           | <b>7.50</b>    | <b>7.50</b>    | <b>0.00</b>     | <b>7.50</b>    | <b>7.50</b>    | <b>0.00</b>     |
| Personal Services    | 251,576        | 231,576        | (20,000)        | 255,845        | 215,845        | (40,000)        |
| Operating Expenses   | 125,210        | 125,210        | 0               | 114,271        | 114,271        | 0               |
| Equipment            | 19,942         | 19,942         | 0               | 19,942         | 19,942         | 0               |
| Grants               | 350,000        | 350,000        | 0               | 350,000        | 350,000        | 0               |
| <b>Total Costs</b>   | <b>746,728</b> | <b>726,728</b> | <b>(20,000)</b> | <b>740,058</b> | <b>700,058</b> | <b>(40,000)</b> |
| General Fund         | 77,565         | 57,565         | (20,000)        | 78,844         | 38,844         | (40,000)        |
| State Special        | 0              | 0              | 0               | 0              | 0              | 0               |
| Federal Special      | 669,163        | 669,163        | 0               | 661,214        | 661,214        | 0               |
| <b>Total Funding</b> | <b>746,728</b> | <b>726,728</b> | <b>(20,000)</b> | <b>740,058</b> | <b>700,058</b> | <b>(40,000)</b> |

**ITEM**

**FY94**

**FY95**

- **Eliminate Rehabilitation and Survey Grants Programs**

**(20,000)**

**(40,000)**

A general fund savings of \$20,000 in FY94 and \$40,000 in FY95 would occur if the state-supported rehabilitation of historic buildings and surveys of historical sites were eliminated. Federal dollars from grant expenditures would replace general fund personal services to accomplish all of the federally-mandated activities, e.g., review of nominations to the National Register of Historic Places, review and comment on federal, state and local undertakings that may impact historic and prehistoric resources, and response to public requests for tax act certification for rehabilitation of historic commercial properties.

# Department of Corrections & Human Services

## CORRECTIONS SYSTEMS

6401-20

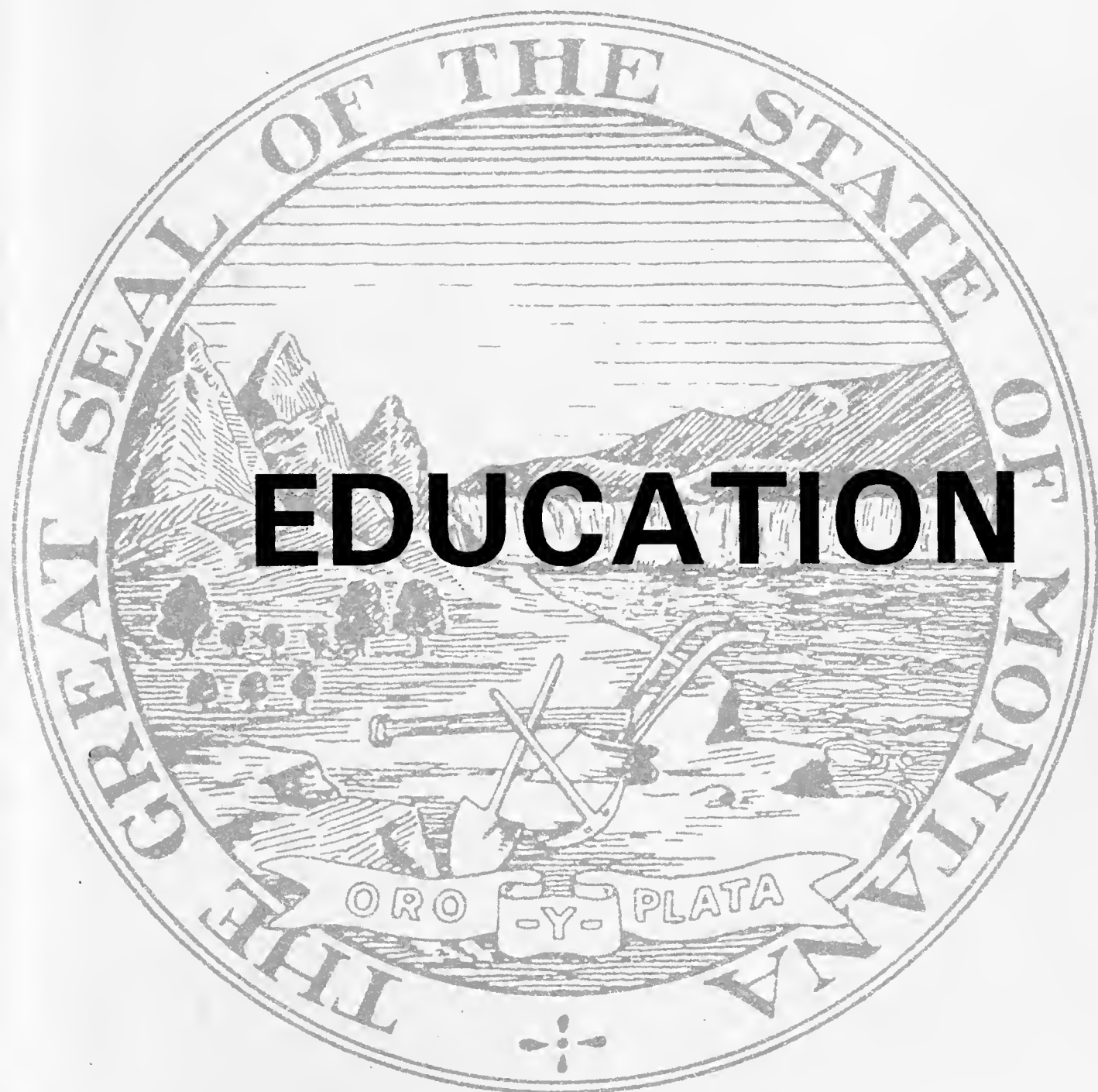
| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference       | FY95<br>Appropriated | FY95<br>Recommended | Difference       |
|----------------------|----------------------|---------------------|------------------|----------------------|---------------------|------------------|
| <b>FTE</b>           | <b>594.96</b>        | <b>594.96</b>       | <b>0.00</b>      | <b>584.96</b>        | <b>584.96</b>       | <b>0.00</b>      |
| Personal Services    | 19,534,153           | 19,534,153          | 0                | 19,957,448           | 19,957,448          | 0                |
| Operating Expenses   | 12,328,297           | 12,085,229          | (243,068)        | 12,362,403           | 12,250,435          | (111,968)        |
| Equipment            | 650,010              | 650,010             | 0                | 571,407              | 571,407             | 0                |
| Capital Outlay       | 90,000               | 90,000              | 0                | 70,000               | 70,000              | 0                |
| Grants               | 23,679               | 23,679              | 0                | 23,679               | 23,679              | 0                |
| Transfers            | 0                    | 0                   | 0                | 60,640               | 60,640              | 0                |
| Debt Service         | 4,568                | 4,568               | 0                | 4,568                | 4,568               | 0                |
| <b>Total Costs</b>   | <b>32,630,707</b>    | <b>32,387,639</b>   | <b>(243,068)</b> | <b>33,050,145</b>    | <b>32,938,177</b>   | <b>(111,968)</b> |
| General Fund         | 27,567,953           | 27,324,885          | (243,068)        | 27,480,091           | 27,368,123          | (111,968)        |
| State Special        | 846,556              | 846,556             | 0                | 921,488              | 921,488             | 0                |
| Federal Special      | 461,443              | 461,443             | 0                | 465,879              | 465,879             | 0                |
| Proprietary Fund     | 3,754,755            | 3,754,755           | 0                | 4,182,687            | 4,182,687           | 0                |
| <b>Total Funding</b> | <b>32,630,707</b>    | <b>32,387,639</b>   | <b>(243,068)</b> | <b>33,050,145</b>    | <b>32,938,177</b>   | <b>(111,968)</b> |

### ITEM

- Single License Plates**

This proposal would affirm that a single license plate is sufficient to be displayed on the rear of a motor vehicle without a general reissue of plates effective January 1, 1994. Approximate general fund savings for aluminum and scotchlite would be \$355,036 for the 1995 biennium. In addition, the postage savings at the Department of Justice would be \$4,400 general fund for FY94 and \$8,800 for FY95. At least nineteen other states require only one license plate.

|                  |                  |
|------------------|------------------|
| <b>FY94</b>      | <b>FY95</b>      |
| <b>(243,068)</b> | <b>(111,968)</b> |



**EDUCATION**



# EDUCATION

## OVERVIEW

| Agency                               | FY92        | Actual      | Appropriated |             | Recommended |             | Differences |          | Biennial % Change |                      |                      |
|--------------------------------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|----------|-------------------|----------------------|----------------------|
|                                      |             |             | FY93         | FY94        | FY95        | FY94        | FY95        | FY94     | FY95              | 95 Rec/<br>93 Actual | 95 Rec/<br>95 Approp |
| 3501 Office of Public Instruction    |             |             |              |             |             |             |             |          |                   |                      |                      |
| General Fund                         | 59,003,597  | 46,444,891  |              | 49,542,305  | 42,409,624  | 49,475,463  | 42,473,930  | (66,842) | 64,306            | -12.8%               | 0.0%                 |
| State Special                        | 367,920,072 | 406,842,422 |              | 4,705,170   | 4,343,532   | 4,705,170   | 4,232,912   | 0        | (110,620)         | -98.8%               | -1.2%                |
| Federal Revenue                      | 7,966,548   | 8,683,400   |              | 16,703,502  | 4,767,166   | 16,703,502  | 4,767,166   | 0        | 0                 | 29.0%                | 0.0%                 |
| Proprietary/Other *                  | 978,174     | 950,672     |              | 1,102,186   | 1,098,682   | 1,102,983   | 1,100,357   | 797      | 1,675             | 14.2%                | 0.1%                 |
| Total Funds                          | 435,868,391 | 462,921,386 |              | 72,053,163  | 52,619,004  | 71,987,118  | 52,574,365  | (66,045) | (44,639)          | -86.1%               | -0.1%                |
| 5101 Board of Public Education       |             |             |              |             |             |             |             |          |                   |                      |                      |
| General Fund                         | 116,778     | 133,620     |              | 107,981     | 106,809     | 107,981     | 106,809     | 0        | 0                 | -14.2%               | 0.0%                 |
| State Special                        | 83,583      | 154,522     |              | 85,594      | 84,412      | 85,594      | 84,412      | 0        | 0                 | -28.6%               | 0.0%                 |
| Proprietary/Other *                  | 0           | 0           |              | 0           | 0           | 103         | 205         | 103      | 205               | NA                   | NA                   |
| Total Funds                          | 200,361     | 288,142     |              | 193,575     | 191,221     | 193,678     | 191,426     | 103      | 205               | -21.2%               | 0.1%                 |
| 5102 Montana University System       |             |             |              |             |             |             |             |          |                   |                      |                      |
| General Fund                         | 127,968,190 | 118,482,719 |              | 113,695,575 | 114,719,535 | 113,695,470 | 114,719,430 | (105)    | (105)             | -7.3%                | 0.0%                 |
| State Special                        | 418,311     | 2,505,842   |              | 0           | 0           | 0           | 0           | 0        | 0                 | -100.0%              | NA                   |
| Federal Revenue                      | 7,636,086   | 8,435,123   |              | 9,505,065   | 9,648,702   | 9,505,065   | 9,648,702   | 0        | 0                 | 19.2%                | 0.0%                 |
| Proprietary/Other *                  | 13,079,072  | 14,787,473  |              | 18,121,090  | 19,995,969  | 18,122,637  | 19,999,003  | 1,547    | 3,034             | 36.8%                | 0.0%                 |
| Total Funds                          | 149,101,658 | 144,211,157 |              | 141,321,730 | 144,364,206 | 141,323,172 | 144,367,135 | 1,442    | 2,929             | -2.6%                | 0.0%                 |
| 5113 School for the Deaf and Blind   |             |             |              |             |             |             |             |          |                   |                      |                      |
| General Fund                         | 2,680,456   | 2,761,432   |              | 2,536,191   | 2,584,556   | 2,532,591   | 2,571,356   | (3,600)  | (13,200)          | -6.2%                | -0.3%                |
| State Special                        | 190,000     | 225,916     |              | 454,614     | 466,232     | 458,214     | 479,432     | 3,600    | 13,200            | 125.4%               | 1.8%                 |
| Federal Revenue                      | 169,925     | 116,820     |              | 107,970     | 110,059     | 107,970     | 110,059     | 0        | 0                 | -24.0%               | 0.0%                 |
| Total Funds                          | 3,040,381   | 3,104,168   |              | 3,098,775   | 3,160,847   | 3,098,775   | 3,160,847   | 0        | 0                 | 1.9%                 | 0.0%                 |
| 5116 Council on Vocational Education |             |             |              |             |             |             |             |          |                   |                      |                      |
| Federal Revenue                      | 149,377     | 152,094     |              | 165,988     | 167,890     | 165,988     | 167,890     | 0        | 0                 | 10.7%                | 0.0%                 |

\* May include SFCAP authority that has not been allocated to the various funds of the agency.

# Office of Public Instruction

| OPI ADMINISTRATION   |                      |                     |                 |                      |                     | 3501-06         |
|----------------------|----------------------|---------------------|-----------------|----------------------|---------------------|-----------------|
| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference      | FY95<br>Appropriated | FY95<br>Recommended | Difference      |
| FTE                  | 141.23               | 138.73              | (2.50)          | 141.23               | 139.98              | (1.25)          |
| Personal Services    | 4,850,757            | 4,786,821           | (63,936)        | 4,931,258            | 4,899,290           | (31,968)        |
| Operating Expenses   | 4,440,802            | 4,438,802           | (2,000)         | 4,238,058            | 4,225,342           | (12,716)        |
| Equipment            | 177,639              | 177,639             | 0               | 183,984              | 183,984             | 0               |
| Local Assistance     | 16,078               | 16,078              | 0               | 16,078               | 16,078              | 0               |
| Grants               | 69,888               | 69,888              | 0               | 69,888               | 69,888              | 0               |
| Transfers            | 904,560              | 904,560             | 0               | 28,028               | 28,028              | 0               |
| <b>Total Costs</b>   | <b>10,459,724</b>    | <b>10,393,788</b>   | <b>(65,936)</b> | <b>9,467,294</b>     | <b>9,422,610</b>    | <b>(44,684)</b> |
| General Fund         | 4,071,157            | 4,005,221           | (65,936)        | 3,172,371            | 3,238,307           | 65,936          |
| State Special        | 797,004              | 797,004             | 0               | 429,075              | 318,455             | (110,620)       |
| Federal Special      | 4,489,377            | 4,489,377           | 0               | 4,767,166            | 4,767,166           | 0               |
| Proprietary Fund     | 1,102,186            | 1,102,186           | 0               | 1,098,682            | 1,098,682           | 0               |
| <b>Total Funding</b> | <b>10,459,724</b>    | <b>10,393,788</b>   | <b>(65,936)</b> | <b>9,467,294</b>     | <b>9,422,610</b>    | <b>(44,684)</b> |

## ITEM

|   | FY94     | FY95   |
|---|----------|--------|
| <ul style="list-style-type: none"> <li><b>Eliminate State Funding of Driver's Education/Deposit Revenue and Fund Balance to General Fund</b></li> </ul> | (65,936) | 65,936 |

The driver's education account is allocated 25 percent of highway patrol fines and 17.5 percent of driver's license fees and motorcycle endorsements which are estimated to total \$1.6 million in FY95. This recommendation allocates these revenues to the general fund beginning in FY95 and thereafter. Money from motorcycle registration fees and charges for motorcycle training courses would continue to be deposited in the account.

State reimbursements to district driver's education programs would be eliminated. In FY95 the state reimbursed approximately \$117 per driver's education student to districts.

The Office of Public instruction will allocate \$65,936 in FY94 and \$33,968 in FY95 of general fund savings from the elimination of 2.50 FTE from other programs to offset \$99,904 of the estimated \$325,000 reduction in state special revenues for driver's education administration in FY95. The FTE reductions are adjusted to 1.25 FTE in FY95.

# DISTRIBUTION TO PUBLIC SCHOOLS

3501-09

| Budget Item          | FY94              | FY94              | Difference  | FY95              | FY95              | Difference  |
|----------------------|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
|                      | Appropriated      | Recommended       |             | Appropriated      | Recommended       |             |
| <b>FTE</b>           | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b> | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b> |
| Operating Expenses   | 0                 | 0                 | 0           | 0                 | 0                 | 0           |
| Local Assistance     | 61,593,439        | 61,593,439        | 0           | 43,151,710        | 43,151,710        | 0           |
| Grants               | 0                 | 0                 | 0           | 0                 | 0                 | 0           |
| Transfers            | 0                 | 0                 | 0           | 0                 | 0                 | 0           |
| <b>Total Costs</b>   | <b>61,593,439</b> | <b>61,593,439</b> | <b>0</b>    | <b>43,151,710</b> | <b>43,151,710</b> | <b>0</b>    |
| General Fund         | 45,471,148        | 45,471,148        | 0           | 39,237,253        | 39,237,253        | 0           |
| State Special        | 3,908,166         | 3,908,166         | 0           | 3,914,457         | 3,914,457         | 0           |
| Federal Special      | 12,214,125        | 12,214,125        | 0           | 0                 | 0                 | 0           |
| <b>Total Funding</b> | <b>61,593,439</b> | <b>61,593,439</b> | <b>0</b>    | <b>43,151,710</b> | <b>43,151,710</b> | <b>0</b>    |

## ITEM

- Eliminate State Funding of Driver's Education/Deposit Revenue and Fund Balance to General Fund**

The driver's education account is allocated 25 percent of highway patrol fines and 17.5 percent of driver's license fees and motorcycle endorsements which are estimated to total \$1.6 million in FY95. This recommendation allocates these revenues to the general fund beginning in FY95 and thereafter, as shown on the balance sheet. Money from motorcycle registration fees and charges for motorcycle training courses would continue to be deposited in the account. State reimbursements to district driver's education programs would be eliminated.

# Commissioner of Higher Education

## THE MONTANA UNIVERSITY SYSTEM

5102-00

| Budget Item                  | FY94               | FY94               | Difference       | FY95               | FY95               | Difference         |
|------------------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|
|                              | Appropriated       | Recommended        |                  | Appropriated       | Recommended        |                    |
| <b>Vo-Techs</b>              |                    |                    |                  |                    |                    |                    |
| Billings                     | 2,021,658          | 2,021,658          | 0                | 2,028,361          | 2,028,361          | 0                  |
| Butte                        | 1,709,286          | 1,709,286          | 0                | 1,701,855          | 1,701,855          | 0                  |
| Great Falls                  | 2,552,708          | 2,552,708          | 0                | 2,559,794          | 2,559,794          | 0                  |
| Helena                       | 2,657,006          | 2,657,006          | 0                | 2,660,802          | 2,660,802          | 0                  |
| Missoula                     | 2,876,447          | 2,876,447          | 0                | 2,887,746          | 2,887,746          | 0                  |
| <b>Total Vo-Techs</b>        | <b>11,817,105</b>  | <b>11,817,105</b>  | <b>0</b>         | <b>11,838,558</b>  | <b>11,838,558</b>  | <b>0</b>           |
| <b>Six Units</b>             |                    |                    |                  |                    |                    |                    |
| MSU                          | 55,674,165         | 55,674,165         | 0                | 56,341,718         | 56,341,718         | 0                  |
| UM                           | 52,101,702         | 52,101,702         | 0                | 52,674,446         | 52,674,446         | 0                  |
| EMC                          | 16,425,316         | 16,425,316         | 0                | 16,584,465         | 16,584,465         | 0                  |
| NMC                          | 8,943,740          | 8,943,740          | 0                | 9,018,810          | 9,018,810          | 0                  |
| WMCUM                        | 5,296,325          | 5,296,325          | 0                | 5,336,942          | 5,336,942          | 0                  |
| MCMST                        | 11,186,779         | 11,186,779         | 0                | 11,298,154         | 11,298,154         | 0                  |
| Reduce Athletics             | 0                  | 0                  | 0                | 0                  | (580,000)          | (580,000)          |
| Incr. Faculty Workloads      | 0                  | 0                  | 0                | 0                  | (1,425,000)        | (1,425,000)        |
| No Excess Credit Funding     | 0                  | 0                  | 0                | 0                  | (320,000)          | (320,000)          |
| <b>Total Six Units</b>       | <b>149,628,027</b> | <b>149,628,027</b> | <b>0</b>         | <b>151,254,535</b> | <b>148,929,535</b> | <b>(2,325,000)</b> |
| <b>Ag Experiment Station</b> | <b>10,077,313</b>  | <b>10,077,313</b>  | <b>0</b>         | <b>10,245,857</b>  | <b>10,245,857</b>  | <b>0</b>           |
| Coop Extension Service       | 4,976,218          | 4,976,218          | 0                | 5,041,025          | 5,041,025          | 0                  |
| Forestry & Cons Station      | 706,350            | 706,350            | 0                | 714,193            | 714,193            | 0                  |
| Fire Srv Training School     | 252,772            | 252,772            | 0                | 235,005            | 235,005            | 0                  |
| Bureau of Mines              | 2,019,379          | 2,019,379          | (100,000)        | 2,020,678          | 2,020,678          | 0                  |
| Comm of Higher Ed            | 38,392,122         | 38,392,122         | 0                | 40,170,104         | 40,170,104         | 0                  |
| <b>Total Higher Ed</b>       | <b>217,869,286</b> | <b>217,769,286</b> | <b>(100,000)</b> | <b>221,519,955</b> | <b>219,194,955</b> | <b>(2,325,000)</b> |
| <b>Funding</b>               |                    |                    |                  |                    |                    |                    |
| General Fund                 | 113,691,573        | 109,129,573        | (4,562,000)      | 114,717,747        | 107,379,747        | (7,338,000)        |
| Tuition                      | 56,650,556         | 56,650,556         | 0                | 57,191,535         | 60,691,535         | 3,500,000          |
| Millage                      | 13,410,000         | 17,972,000         | 4,562,000        | 13,475,000         | 14,988,000         | 1,513,000          |
| State Special (RIT)          | 666,000            | 666,000            | (100,000)        | 666,000            | 666,000            | 0                  |
| Federal Special              | 13,572,194         | 13,572,194         | 0                | 13,715,831         | 13,715,831         | 0                  |
| Other                        | 1,757,873          | 1,757,873          | 0                | 1,757,873          | 1,757,873          | 0                  |
| Proprietary                  | 18,121,090         | 18,121,090         | 0                | 19,995,969         | 19,995,969         | 0                  |
| <b>Total Funding</b>         | <b>217,869,286</b> | <b>217,769,286</b> | <b>(100,000)</b> | <b>221,519,955</b> | <b>219,194,955</b> | <b>(2,325,000)</b> |

The Board of Regents and the Commissioner of Higher Education have requested the opportunity to distribute any reductions among the various units of the system. The suggested areas of reduction listed below are areas that OBPP believes are worthy of consideration only. We certainly acknowledge the constitutional authority of the Board to manage their budget. We offer these suggestions as alternatives to increases in in-state tuition.

| ITEM  | FY94 | FY95 |
|---|------|------|
| <ul style="list-style-type: none"> <li><b>Capture Additional Six-Mill Levy Revenues and Fund Balance</b> (4,562,000) (1,513,000)</li> </ul> <p>In the regular session the legislature appropriated the estimated revenue from the six-mill property tax levy for the university system. These revenues were estimated to be \$12,518,000 in FY94 and \$12,567,000 in FY95. Subsequently, the revised estimate of six-mill revenues has increased to \$13,868,000 and \$14,080,000 in FY94 and FY95, respectively. The revision is based on the increased valuation due to reappraisal and higher-than-anticipated revenues in both FY92 and FY93 which will</p> |      |      |



continue in the 1995 biennium. Revenues averaged \$13.85 million for FY92 and FY93. In addition, the six-mill levy account had a fund balance of \$3.2 million at the end of FY93 which is available. The net effect of appropriating the additional six-mill levy revenue and accumulated fund balance is to save general fund of \$4.562 million in FY94 and \$1.513 million in FY95.

- **Eliminate State Funding for Credits Taken in Excess of Those Necessary to Graduate** 0 (320,000)

The regents recently passed a rule, scheduled to take effect in three years, which limits state support to the first 170 credits taken from the system. This rule affects few students. It is recommended that the proposal be modified to give state support to a maximum of 20 semester credits over the number required to graduate for a four-year degree and ten credits over the number required to graduate from a two-year program, effective in FY95. Although substantial savings are expected, possibly reaching \$4 million per year through increased fees paid by those who linger at school or through reduced enrollment as students graduate more quickly, it will take some time for this provision to become fully implemented. Therefore, the budget assumes only a \$320,000 savings from this proposal in FY95.
- **Reduce State Funding for University/College Athletics** 0 (580,000)

In accordance with the Commissioner of Higher Education's proposal to decrease state support of athletics at the universities and colleges by 10 percent.
- **Increase Non-Resident Tuition** 0 (3,500,000)

Non-resident tuition and fees in Montana, when compared to many other states and are less than many western states. The following tuition and fee rates were effective for (academic year) AY93:

|                            |          |
|----------------------------|----------|
| California State           | \$ 8,836 |
| University of California   | \$10,744 |
| Colorado State             | \$ 9,502 |
| Colorado School of Mines   | \$11,204 |
| Colorado other schools     | \$ 5,932 |
| Idaho Universities         | \$ 4,048 |
| MSU, UM and Tech           | \$ 5,590 |
| Montana colleges           | \$ 5,134 |
| University of Nevada       | \$ 5,700 |
| U. of ND and ND State      | \$ 5,208 |
| Other ND schools           | \$ 4,270 |
| Oregon Universities        | \$ 7,271 |
| Oregon Other schools       | \$ 5,273 |
| SD universities            | \$ 3,774 |
| SD other schools           | \$ 3,161 |
| WA universities (UW & WSU) | \$ 6,345 |
| WA other schools           | \$ 6,297 |
| University of WY           | \$ 4,502 |

Increasing non-resident tuition and fees from the FY94 rate of \$5,900 to approximately \$7,000 for the universities and from \$5,450 in FY94 to \$5,500 in FY95 for the colleges would raise an additional \$3.5 million in FY95.
- **Increase Faculty Course Loads** 0 (1,425,000)

Faculty work is complex since it includes many types of work beyond the classroom. Policy standards on course loads are published by Council of the American Association of University Professors (AAUP) and by accreditation agencies. The maximum

load recommended by both groups is four courses per semester. The AAUP goes further in recommending an ideal course load for professors with significant research requirements of three undergraduate courses per term or two graduate courses per term.

In recent years, New York, Mississippi, Virginia, Arizona and other states have looked at this policy issue. Some states currently have faculty course load policies and many more are considering them. Ohio recently passed legislation requiring a state policy focus on teaching to be set by the Ohio Board of Regents by June 30, 1994, and an increase in faculty teaching by ten percent by fall term 1994. The national trend appears to be encouragement of a statewide policy on faculty workloads.

In addition, the following schools/systems have course load policies of four courses (12 credits) per term: College of Great Falls, Rocky Mountain College in Billings, and the California State University System.

The current policies in the Montana University System range from two courses in one semester and three the next to four courses per semester. It is recommended, given these tight fiscal times, that the university/college policy attempt to increase the average course load to a minimum of three courses per semester for universities and four courses (12 credit hours) per semester for colleges. It is estimated that if this policy were fully implemented it would save \$8-10 million per year. Since it is unlikely that this policy could be fully implemented in FY95, it is suggested that the university system could save about 15-20 percent of this or \$1.425 million in FY95.

- **Reduce RIT funds in Bureau of Mines**

(0)

(0)

The Bureau of Mines receives up to \$666,000 per year from resource indemnity tax revenues to finance their ground water characterization program. Though the program was begun in the previous biennium, it is dramatically expanded in FY94. Expenditures in the early part of the year were below the level in the proposed budget. It is estimated that savings of \$100,000 in FY94 will be available and RIT funds in the Bureau of Mines are decreased by \$100,000 for FY94. This funding is then used to offset general fund costs in the DNRC for ground water activities in the Water Resources Division.

# School for the Deaf and Blind

## EDUCATION

5113-04

| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference | FY95<br>Appropriated | FY95<br>Recommended | Difference |
|----------------------|----------------------|---------------------|------------|----------------------|---------------------|------------|
| FTE                  | 41.55                | 41.55               | 0.00       | 41.55                | 41.55               | 0.00       |
| Personal Services    | 1,511,262            | 1,511,262           | 0          | 1,559,947            | 1,559,947           | 0          |
| Operating Expenses   | 135,145              | 135,145             | 0          | 137,032              | 137,032             | 0          |
| Equipment            | 17,000               | 17,000              | 0          | 20,700               | 20,700              | 0          |
| <b>Total Costs</b>   | <b>1,663,407</b>     | <b>1,663,407</b>    | <b>0</b>   | <b>1,717,679</b>     | <b>1,717,679</b>    | <b>0</b>   |
| General Fund         | 1,134,823            | 1,131,223           | (3,600)    | 1,175,388            | 1,162,188           | (13,200)   |
| State Special        | 454,614              | 458,214             | 3,600      | 466,232              | 479,432             | 13,200     |
| Federal Special      | 73,970               | 73,970              | 0          | 76,059               | 76,059              | 0          |
| <b>Total Funding</b> | <b>1,663,407</b>     | <b>1,663,407</b>    | <b>0</b>   | <b>1,717,679</b>     | <b>1,717,679</b>    | <b>0</b>   |

### ITEM

- **Timber Revenue to I & I**

During the 1992 special session, the legislature passed HB3 which provided that revenue from state timber sales on school lands would be deposited in the school equalization account. This provision was made permanent for the schools by HB667. The recommendation extends the provision to other non-university trust lands. Timber sale revenues are proposed to be deposited to their respective interest and income accounts effective January 1, 1994. The impact on Montana School for the Deaf and Blind is additional state special revenue of \$3,600 in FY94 and \$13,200 in FY95, which reduces general fund by a like amount.

**FY94**

**(3,600)**

**FY95**

**(13,200)**



The Great Seal of the State of New York is a circular emblem. The outer ring contains the text "GREAT SEAL OF THE STATE OF NEW YORK" in a serif font. The inner circle depicts a landscape with mountains, a river, and a sun. In the foreground, there is a shield with a cross, and a banner below it reads "ORO -Y- PLATA".

# **LONG-RANGE PLANNING**



# LONG-RANGE PLANNING

## OVERVIEW

| Agency                   | Actual    |           | Appropriated |      | Recommended |           | Differences |           | Biennial % Change    |                      |
|--------------------------|-----------|-----------|--------------|------|-------------|-----------|-------------|-----------|----------------------|----------------------|
|                          | FY92      | FY93      | FY94         | FY95 | FY94        | FY95      | FY94        | FY95      | 95 Rec/<br>93 Actual | 95 Rec/<br>95 Approp |
| 6107 Long-Range Planning |           |           |              |      |             |           |             |           |                      |                      |
| General Fund             | 609,398   | 81,944    | 0            | 0    | (2,600,000) | 0         | (2,600,000) | 0         | -476.1%              | NA                   |
| State Special            | 1,284,962 | 1,017,582 | 0            | 0    | 0           | 0         | 0           | 0         | -100.0%              | -100.0%              |
| Federal Revenue          | 1,124,385 | 911,246   | 0            | 0    | 0           | 0         | 0           | 0         | -100.0%              | -100.0%              |
| Capital Projects         | 4,421,150 | 4,091,160 | 0            | 0    | 5,000,000   | 5,000,000 | 5,000,000   | 5,000,000 | 17.5%                | 144.4%               |
| Proprietary/Other *      | 29,424    | 7,007     | 0            | 0    | 1,080       | 2,132     | 1,080       | 2,132     | -91.2%               | -54.2%               |
| Total Funds              | 7,469,319 | 6,108,939 | 0            | 0    | 2,401,080   | 5,002,132 | 2,401,080   | 5,002,132 | -45.5%               | 21.2%                |

\* May include SFCAP authority that has not been allocated to the various funds.

# Long-Range Building Plan

| ALL DEPARTMENTS      |                      |                     |                  |                      |                     |                  | 6107-00 |
|----------------------|----------------------|---------------------|------------------|----------------------|---------------------|------------------|---------|
| Budget Item          | FY94<br>Appropriated | FY94<br>Recommended | Difference       | FY95<br>Appropriated | FY95<br>Recommended | Difference       |         |
| FTE                  | 0.00                 | 0.00                | 0.00             | 0.00                 | 0.00                | 0.00             |         |
| Capital Outlay       | 36,435,364           | 36,435,364          | 0                | 0                    | 0                   | 0                |         |
| <b>Total Costs</b>   | <b>36,435,364</b>    | <b>36,435,364</b>   | <b>0</b>         | <b>0</b>             | <b>0</b>            | <b>0</b>         |         |
| General Fund         | 2,600,000            | 0                   | (2,600,000)      |                      |                     |                  |         |
| State Special        | 19,064,965           | 19,064,965          | 0                | 0                    | 0                   | 0                |         |
| Federal Special      | 6,002,935            | 6,002,935           | 0                | 0                    | 0                   | 0                |         |
| Capital Projects     | 3,151,252            | 8,151,252           | 5,000,000        | 0                    | 0                   | 5,000,000        |         |
| Other Revenue        | 5,616,212            | 5,616,212           | 0                | 0                    | 0                   | 0                |         |
| <b>Total Funding</b> | <b>36,435,364</b>    | <b>38,835,364</b>   | <b>2,400,000</b> | <b>0</b>             | <b>0</b>            | <b>5,000,000</b> |         |

| ITEM  | FY94 | FY95 |
|---|------|------|
| <ul style="list-style-type: none"> <li> <b>Delete the \$2.6 Million General Fund Appropriation</b> (2,600,000) 0               <ol style="list-style-type: none"> <li>Remove the general fund appropriated in Chapter 624, Laws of 1993.</li> <li>Reduce the Department of Family Services fire safety systems \$627,000 project for Pine Hills and Mountain View by \$110,000 to \$517,000 due to downsizing at the facilities.</li> </ol> </li> <li> <b>\$5 Million Coal Severance Tax Per Year to Major Maintenance</b> 0 0               <ol style="list-style-type: none"> <li>Adopt legislation to repeal Chapter 515, Laws of 1993, and related statutes establishing the coal severance tax clean coal technology demonstration fund, clean coal loans, clean coal technology projects program and tax exemption. Montana has not been and will not be selected by the federal Department of Energy for the project.</li> <li>Amend Chapter 624, Laws of 1993, to add \$5 million each year for major maintenance projects on state-owned buildings to be funded with coal severance tax no longer required for clean coal technology. The first \$2.5 million would be for priority projects already authorized by the legislature, as amended during special session, and originally funded with general fund. The 1995 biennium general fund cost in lost interest earnings would be no more than \$175,000 depending on timing of project expenditures. This cost projection is included on the balance sheet.</li> <li>Adopt the recommended legislation to create the state building maintenance fund within the coal severance tax trust fund, for a seven-year period from FY94 through FY00, using the \$35 million balance in the clean coal technology demonstration fund. Agencies requested more than \$191 million in state funding for life and safety codes, regulatory compliance and continued operation of state buildings during the 1995 biennium. HB5 appropriated \$5.7 million and the cigarette tax will continue to be a declining revenue source for the long-range building program.</li> </ol> </li> <li> <b>Authorize State Compensation Insurance Fund Remodeling</b> 0 0               Amend Chapter 624, Laws of 1993, to add \$111,000 of other authority to enable the State Fund to remodel the basement of its facility to accommodate the 35.10 FTE added to the FY94 operating budget. This recommendation is consistent with the estimates received for the project. Suitable rental property is not available within reasonable proximity to the current facility.             </li> </ul> |      |      |



● **Adopt Three Bills Recommended by OBPP and DCHS**

0

0

1. In order to utilize revenue from the sale of goods by the Prison Industries Program, a statutory appropriation is recommended. This not only will provide a greater incentive for cost-effectiveness in the operation of the program, but funds in the account will be an essential component of total funding for capital improvements to the industries facility.
2. In order to stretch the men's prison construction dollars and provide an inmate work experience, a bill authorizing Montana State Prison inmates to work on construction of the dairy dorm project is recommended. A bill amending 53-1-301, MCA, and exempting only this specific project from the Department of Administration public bidding, bonding, workers' compensation, and wage laws is recommended.
3. A waiver from the Department of Administration public bidding and bonding requirements for the security fence project is recommended. In this instance, it is believed that there is greater expertise for the installation and ongoing maintenance of this project within the prison staff than in the private sector. In addition, the prison administration believes security will be maintained, rather than jeopardized, if staff works on this project.

**Priority Recommendations for Coal Severance Tax Funding  
1995 Biennium**

| <u>No.</u> | <u>Project and Agency</u>   | <u>Amount</u> |
|------------|---|---------------|
| 1.         | Repair and Improve Heating and Ventilation System, STARC Armory   | 184,800       |
| 2.         | Infirmity Upgrade, Montana State Prison   | 350,000       |
| 3.         | Floor Repairs, Dept. of Corrections & Human Services  | 145,400       |
|            | Center for The Aged 65,400  |               |
|            | Montana Developmental Center 80,000   |               |
| 4.         | Replace Office of Public Instruction Rooftop HVAC Units, D of A   | 130,000       |
| 5.         | Kitchen Upgrades Statewide, Dept. of Military Affairs   | 136,500       |
| 6.         | Roof Replacement for Bldgs 102 & 104, Montana Developmental Center  | 250,000       |
| 7.         | Roof Replacement, Capitol Complex, Dept. of Administration  | 219,500       |
|            | Commerce Building 57,000  |               |
|            | Scott Hart Building 50,000  |               |
|            | Cogswell Building 112,500   |               |
| 8.         | Central Heating Plant Improvements, Montana State University  | 855,000       |
| 9.         | Structural Repairs Brockman Center, Northern Montana College  | 300,000       |
| 10.        | Limestone Repair on Vet's Pioneer [Historical Society] Building   | 218,000       |
| 11.        | Replace Water Main/Repair Boiler & Heating System, Swan River Boot Camp, DCHS<br>[Requested at \$306,250] | 186,250       |
| 12.        | Steam & Condensate Tunnel, Montana State University   | 1,000,000     |

[Requested at \$2,368,000]

|  |           |
|--|-----------|
| 13. Replace Plains Unit Office Fire Dispatch Center, Dept. of State Lands<br>[Deleted in January 1992 Special Session]   | 270,000   |
| 14. Replace Windows, Cowan Hall, Northern Montana College  | 300,000   |
| 15. Receiving Hospital Window Replacement, Montana State Hospital, DCHS  | 175,000   |
| 16. Capitol Complex Improvement Projects, Dept. of Administration<br>Requested:<br>Window Replacement in Complex 1,459,940<br>Copper Dome Repair 50,000<br>Upgrade Electrical Systems 500,000<br>Rewire Capitol Building 900,000<br>Interior Painting 150,000<br>Total 3,059,940   | 2,000,000 |
| 17. Fire Code Compliance, Eastern Montana College  | 365,000   |
| 18. Repair Projects, Dept. of State Lands<br>Requested:<br>Water Treatment System, Forestry 3,000<br>Pave Parking Lots, Forestry 30,000<br>Replace Fuel Tanks, Forestry 20,000<br>Firefighters Bunkhouse, Swan River 15,000<br>Replace Floor Joists, Stillwater 18,000<br>Replace Roofs, Olney, Libby, Kal, Swan 18,000<br>Repair Wall and Roof, Equipment DC 11,000<br>Furnace and Exhaust Fan, EDC Paint B 14,000<br>Bury Hazardous Power Lines, Clearwater 1,500<br>Improve Entries and Access, Statewide 14,000<br>Replace 28-year Old Tank, Anaconda 8,000<br>Warehouse Insulation, Equipment DC 4,000<br>Total 156,500 | 100,000   |
| 19. Paving Projects, Dept. of Corrections and Human Services<br>Requested:<br>Columbia Falls Veteran's Home 34,900<br>Eastmont Human Services Center 29,075<br>Montana State Hospital 1,314,610<br>Total 1,378,585   | 324,550   |
| TOTAL RECOMMENDED  | 7,510,000 |

# Index

|  |      |
|--|------|
| Board of Crime Control . . . . .                         | A-10 |
| Commissioner of Higher Education . . . . .               | E-4  |
| Department of Administration . . . . .                   | A-16 |
| Department of Agriculture . . . . .                      | C-10 |
| Department of Commerce . . . . .                         | C-11 |
| Department of Corrections & Human Services . . . . .     | D-6  |
| Department of Family Services . . . . .                  | B-8  |
| Department of Fish, Wildlife & Parks . . . . .           | C-3  |
| Department of Health & Environmental Sciences . . . . .  | B-2  |
| Department of Justice . . . . .                          | A-12 |
| Department of Labor & Industry . . . . .                 | B-3  |
| Department of Livestock . . . . .                        | C-5  |
| Department of Military Affairs . . . . .                 | A-25 |
| Department of Natural Resources & Conservation . . . . . | C-6  |
| Department of Revenue . . . . .                          | A-13 |
| Department of Social & Rehabilitation Services . . . . . | B-4  |
| Department of State Lands . . . . .                      | C-3  |
| EDUCATION . . . . .                                      | E-0  |
| GENERAL GOVERNMENT & TRANSPORTATION . . . . .            | A-0  |
| Governor's Office . . . . .                              | A-6  |
| Highway Traffic Safety . . . . .                         | A-11 |
| HUMAN SERVICES . . . . .                                 | B-0  |
| INSTITUTIONS AND CULTURAL EDUCATION . . . . .            | D-0  |
| Judiciary . . . . .                                      | A-5  |
| Legislative Auditor . . . . .                            | A-4  |
| Long-Range Building Plan . . . . .                       | F-2  |
| LONG-RANGE PLANNING . . . . .                            | F-0  |
| Montana Arts Council . . . . .                           | D-2  |
| Montana Historical Society . . . . .                     | D-4  |
| Montana State Library . . . . .                          | D-3  |
| NATURAL RESOURCES AND COMMERCE . . . . .                 | C-0  |
| Office of Public Instruction . . . . .                   | E-2  |
| School for the Deaf and Blind . . . . .                  | E-7  |
| Secretary of State's Office . . . . .                    | A-6  |
| State Auditor's Office . . . . .                         | A-7  |





375 copies of this public document were published at an estimated cost of \$3.25 per copy, for a total cost of \$1,218.75 which includes \$1,218.75 for printing and \$.00 for distribution.

This document printed on recycled paper.